The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

IN THIS ISSUE

The Japanese Squabble Over Propaganda Money

Letting the Cat Out of the Bag on the Shanghai Issue

Plight of the Denationalized Koreans

Chinese Troops Move Freely in Shanghai Area

Why Matsudaira Was Late for Lunch

Pearl Buck Wins Coveted Pulitzer Novel Prize

Striking Printers Tie Up Chinese Newspapers

S. M. R. Lost Nearly Three and Half Million Yen

Boycott Against Japan Persists

Pu Yi, Betrayer of China and Puppet of Japan

Measures for Rehabilitating Silver . By Yue Kwei-zun

The Round Table Conference . . By C. Y. W. Meng

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Northern Volunteers on the Shanghai Front
. . . . . By Shen Hsue-chuan

The Japanese Smoke Screen . . . By Isaac F. Marcosson
(Reprinted from the Saturday Evening Post for May 7)

Kuangtung-Kwangsi War Threat Persists
. . . . . By Our Canton Correspondent

To Prevent Floods, Improve Drainage System
. . . . . By D. F. Miao

SATURDAY, JUNE 11, 1932 VOLUME 61, NUMBER 2

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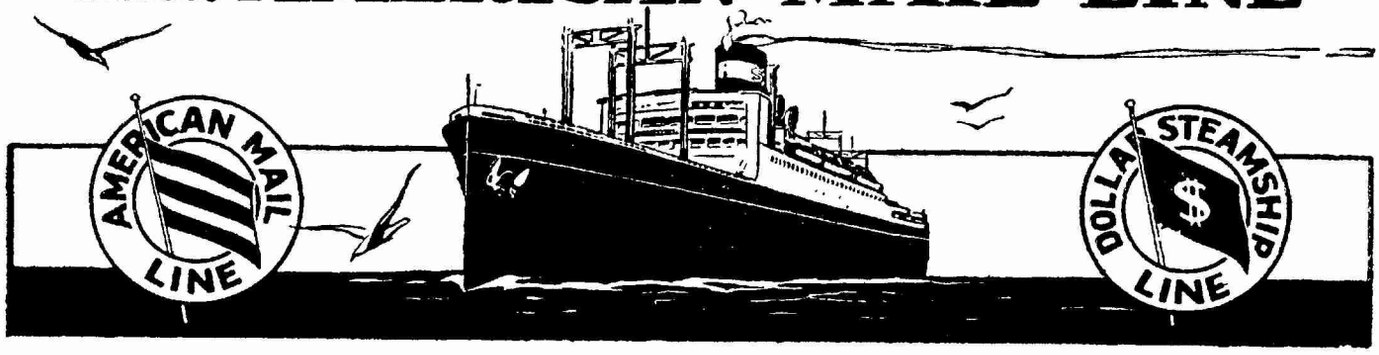

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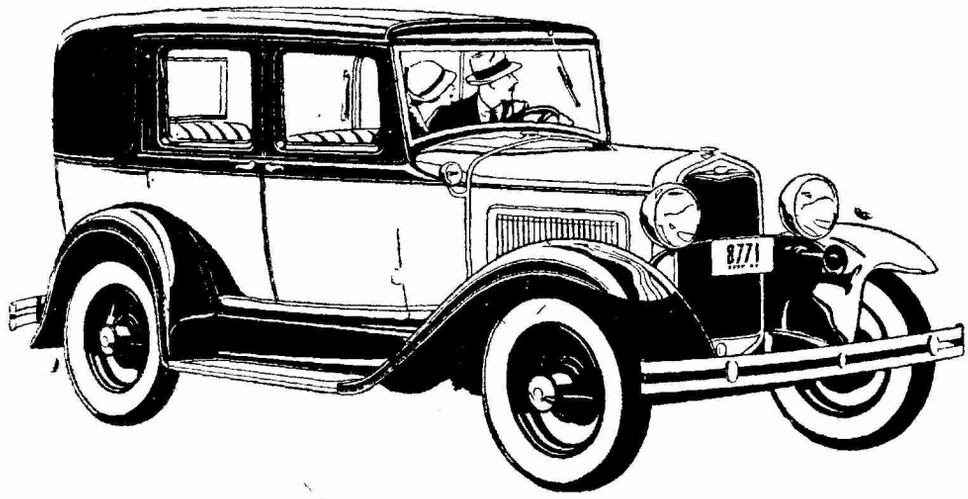

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SHANGHAI

密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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Contents

Editorial Paragraphs

Boycott Against Japan Persists . 37
Chinese Troops Move Freely in Shanghai Area . 38
S. M. R. Lost Nearly Three And Half Million Yen 38
Striking Printers Tie Up Chinese Newspapers 40
Why Matsudaira Was Late For Lunch 41
Pearl Buck Wins Coveted Pulitzer Novel Prize 41
The Japanese Squabble Over Propaganda Money 42
Japanese Will Bring More Cavalry to Manchuria 42
Letting the Cat Out of the Bag on the Shanghai Issue 44
Plight of the Denationalized Koreans . 45

Special Articles

Pu Yi, the Betrayer of China and Puppet of Japan . 47
Measures for Rehabilitating Silver..By Yue Kwei-zun 49
Kuangtung-Kwangsi War Threat Persists . .. . By Our Canton Correspondent 50
The Round Table Conference . . By C. Y. W. Meng 51
The Japanese Smoke Screen.. By Isaac F. Marcosson 53
Northern Volunteers on the Shanghai Front . . . .By Shen Hsue-chuan 60
To Prevent Floods, Improve Drainage System . . .. By D. F. Miao 62
Shanghai's Kidnapping Menace....By Paul K. Whang 64
"Limiting" Drug Manufacture ... By Ellen La Motte 66
Men and Events..... 68
Who's Who in China.. 69
New Books of Interest in the Far East . . 70

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

BOYCOTT AGAINST JAPAN PERSISTS

THE Japanese telegrams day after day persist in reiterating that anti-Japanese sentiments are being fostered in many parts of China and that the boycotting of Japanese goods is being actively advocated. Just what object the Japanese messages have in emphasizing this point is not apparent, but there is no doubt about it that the Chinese feeling against the Japanese still runs high and that the boycott against Japan is still being carried on, particularly in South China. The *China Press* (Shanghai) recently printed a telegram from Canton with a double column heading entitled: "Execution Discourages Canton Merchants from Selling Japanese Goods." The reference was to the execution (by shooting) of one Pang Cho-lieh because he had been discovered secretly importing Japanese goods. Just before he was placed before the firing squad Pang declared that other merchants had worked with him in his ventures. A recent *Reuter* telegram from Canton stated that Japanese goods have recently been imported there by parcel post, some of the commodities allegedly from Japan having been labelled, "Made in England," or "Made in Germany." The signing of the Shanghai agreement has been severely criticized by many prominent Cantonese, among them Mr. Tang Shao-yi, at present magistrate in the Chungshan district. In a recent interview Mr. Tang expressed the fear that owing to the presence of many Japanese troops in South Manchuria, Peiping and Tientsin might fall into their hands, causing misery and privation to the people of North China. In order to recover Manchuria, there should, Mr. Tang said, be a prolonged resistance against Japan with the force of the whole nation and he recommended the Chinese people to boycott Japanese goods, as by this means the Chinese can deal a death-blow to Japan. This would, in Mr. Tang's opinion, eventually lead to civil war and commotion in Japan, whereupon the Chinese can take advantage of the situation and send an army to recover Manchuria.

A recent Japanese telegram from Canton stated that the anti-Japanese leaders there are carrying on the boycott under the guise of promoting home industry, and in order to acquaint the Chinese populace with the characteristics of Japanese goods so that they may not be inveigled into buying them unawares, an exhibition of Japanese-made articles has been put on display at the Chinese Young Men's Christian Association.

Anti-Japanese activity is also reported from Hangchow where it is alleged that Chinese police officers are interfering with business transactions in the Japanese concession. Chinese boycott pickets and students are stated to be seizing and sealing up Japanese goods held by Chinese merchants, all illegally. In Shanghai the boycott is also being continued, but in a less open manner.

The latest local manifestation of the anti-Japanese boycott campaign is a boycott of "Lucky Boy" matches, which are manufactured by the American Far Eastern Match Co. The Chinese labor unions have spread the report that the matches are of Japanese origin. The American Far Eastern Match Co. insists that the matches are made in its Shanghai factory by Chinese workmen and that the American Consular authorities have issued a certificate to that effect. The local agents for the American Far Eastern Match Co. are the Swedish-Chinese Export and Import Co.

An amusing incident occurred at Shanghai on June 6 in connection with the promotion of native goods at the so-called China National Products Exposition now being staged on North Honan road. A speaker appeared on the platform to deliver an address advocating the use of native goods when a member of the audience got up and called attention to the fact that the lecturer was wearing a suit of foreign style clothes. The speaker tried in vain to inform the audience that he had purchased his clothing long before the present anti-Japanese agitation began but the audience refused to listen and according to the report in the *Shanghai Evening Post* a near riot ensued before most of the audience walked out of the building. The exposition consists of various Chinese products including silks, hardware, rubber-goods, cotton fabrics, cosmetics and various foreign-style products which are now being manufactured in China.

CHINESE TROOPS MOVE FREELY IN SHANGHAI AREA

ALTHOUGH the Japanese troops have been withdrawn from the Shanghai area, the two thousand or more Japanese Marines which are still being maintained in this vicinity are proving a considerable bone of contention. The Japanese press, publicists and politicians are continually trying to create the impression that the recent Shanghai agreement contained a provision that the Chinese troops were prevented from taking up positions within a certain distance of Shanghai, incidentally citing this or that movement of Chinese troops as a violation of such a provision. There have been persistent charges by various Chinese bodies during the past few weeks that the Chinese delegates had agreed to such a secret clause but such allegations have been vigorously denied by various Nanking officials. Harping on this old theme, Viscount Saito the Japanese Foreign Minister, in his speech in the Diet June 3, outlining Japan's foreign policy, mentioned that acording to the Shanghai agreement, "the Chinese forces are to remain at a prescribed distance from Shanghai." The Viscount's statement on this point brought forth an immediate and emphatic denial from Nanking. A spokesman of the Foreign Office June 4 said the Shanghai agreement did not limit the movements of Chinese troops as they had perfect freedom to move about in Chinese territory, adding that the Chinese troops are now remaining in their original posts, instead of, as Viscount Saito had intimated in his speech, being stationed at prescribed distances from Shanghai. The Chinese spokesman expressed the opinion that the Japanese were responsible for the Shanghai incident, and nothing untoward would happen in Shanghai provided the Japanese refrain from adopting any hostile action. The spokesman took the opprtunity to reiterate the Chinese point of view that any Round Table Conference should have as its objective the settlement of Chino-Japanese issues, including Manchuria, as a whole and not merely deal with Shanghai, where, as a matter of fact everything is quiet; and there would be no question of the safety of any resident in Shanghai so long as the Japanese do not adopt any hostile action against the Chinese.

In the meantime the Chinese are carrying on an active agitation to have the Japanese marines evacuated from the area "D" designated in the recent peace agreement. Application to this effect was made to the Joint Commission end of last week, by O. K. Yui, Chief Secretary of the City Government of Greater Shanghai. In the course of an interview between Mr. Yui and Mr. Okasaki, Japanese member of the Commission, the former also raised the question of the Japanese marines who are being stationed at a Japanese mill in Woosung, at the Kungdah Mill in Kiangwan, at the Tungwen College, Toyoda Cotton Mill and Saokingpang district north of Hongkew Park. He was reported to have further pointed out to Mr. Okasaki that as the time-limit set by the Japanese military authorities for a complete withdrawal had expired, the Chinese Municipality would, irrespective of the presence of the marines, extend administration to these areas.

In the meantime the number of Chinese troops in the Shanghai area is being constantly increased. There are more than 1,000 Chinese troops at Lunghua. Two regiments of the 9th Route Army have been detailed for duty in Lunghua and Nantao and more are stated to be coming. The number of northern police is also being constantly increased, some of them coming from Peiping and others from Tientsin.

S. M. R. LOST NEARLY THREE AND HALF MILLION YEN

THE South Manchuria Railway, pride of the Imperial Japanese Empire and chief organ of Japanese economic, political and military penetration into China's three northeastern provinces, lost Yen 3,401,000 last year. What is to be done about it will not be known until after the annual meeting which is scheduled to be held in Tokyo on June 20, but the important fact already has been noted in brief dispatches from Dairen that for the first time in its history the S. M. R. has failed to earn a profit. A *Rengo* dispatch from Dairen which appeared in the May 25 issue of the *Osaka Mainichi* stated that the total income for the fiscal year 1931-1932 was Yen 51,081,000 and the expenditures were Yen 54,482,000, thus leaving the deficit noted above. The income account included Yen 48,185,000 from the railway proper, Yen $17,000 from mining en-

terprises, Yen 289,000 from the oil-shale plant and Yen 1,310,000 from miscellaneous enterprises. Railway business alone showed a decline of about Yen 10,000,000, but the Fushun coal mine was the hardest hit, its income dropping from Yen 1,800,000 to only Yen 16,000. But the Japanese Government is not going to permit the loss of practically three and a half million yen to interfere with the payment of dividends, for the *Rengo* report stated that the Company will declare a dividend of 2 percent on the Government shares (one-half of the total) and 6 percent on the remainder which are held by private share-holders, chiefly Mitsui and Company and Mitsubishi. The dividend will be paid from the Yen 7,776,583 carried over from the previous year, plus Yen 8,500,000 in the retiring allowance fund and Yen 7,500,000 in the special reserve.

As a result of the serious losses last year and the critical situation now prevailing in Manchuria the directors of the S. M. R. are stated to be experiencing serious difficulties in obtaining new funds. According to a report in the *Japan Chronicle* the directors of the railway have approached a syndicate of bankers and life insurance companies with a request for a loan of Yen 20,000,000. Two directors of the S. M. R. named Shudo and Takenaka are stated to have been in Tokyo for some time in connection with the loan negotiations. The report in the British paper at Kobe stated, however, that there was considerable pessimism regarding prospects for the loan being advanced and in the event it was refused the railway company will be compelled to make a call on unpaid capital totalling Yen 25,000,000. However, it was also stated that there was some doubt the stockholders would even agree to this. At the annual meeting scheduled to be held in Tokyo on June 20, the management will ask for approval for an issue of debentures of Yen 70,000,000, which, with the sum for which approval was already obtained, will make a total of Yen 120,000,000, the amount legally permitted.

That all has not been going well with the S. M. R. became known last year when the Company made a drastic cut in salaries from top to bottom, but this apparently had little effect on the result of the year's business. According to a report in the *Japan Chronicle* the cause of the serious loss is attributed to the world depression, the fall in the value of silver and the Manchurian "affair." But this doesn't tell the whole story, for while the S. M. R. was adversely affected by the world depression which caused a falling off in the foreign market for soya-beans, the business of the Fushun coal mine which is owned by the railway was almost entirely killed by the Chinese boycott. Formerly Fushun coal enjoyed an extensive sale all the way down the China coast to Hongkong and beyond, but due to the boycott practically no Fushun coal has been sold in these markets since last September. Then on top of the other causes is that occasioned by what the Japanese choose to call the Manchurian "affair," otherwise the Japanese military adventure in Manchuria which has stifled practically all legitimate trade, particularly the import of foreign manufactured articles into Manchuria. All of the Chinese railways are now controlled by the Japanese and the system built up by the Chinese with through-traffic arrangements has been completely disarranged. This means that the railways are unprofitable and cannot purchase new materials. Then the large Chinese banks and trading companies practically all have been put out of business, thus destroying another market, and finally the Chinese electric light and power plants, Chinese-owned coal mines, motor-transport concerns and other lines of Chinese business have been strangled. The result is that Manchuria has been converted into a sort of economic vacuum, the chief loss naturally falling on the Chinese, but also on the Japanese.

The Japanese people were led to believe that the action of their war-lords last fall in seizing Manchuria would pay handsome dividends, but the reverse has been the case. The Japanese have an investment of about two billion yen or approximately G$1,000,000,000 in Manchuria which they thought they could protect against Chinese competition by ordering out the armies, tanks and airplanes, but the adventure has been a ghastly failure for they have killed the goose that laid the golden eggs. The so-called banditry and guerilla warfare now prevailing all over the Manchurian map will ultimately destroy Japan's large investment in Manchuria because it is killing Chinese trade which always has been the backbone of Manchurian prosperity. Instead of recognizing the facts in the situation, that there can be no return of Manchurian prosperity until the Japanese troops have been withdrawn to their original stations and Sino-Japanese relations restored to a friendly basis, the Japanese General Staff has issued orders to Gen. Honjo to speed up the work of destruction. The only result has been to force Gen. Ma Chan-shan to retreat, but other and even worse disorder is breaking out in other places. Even Gen. Doihara one of the leading Japanese military conspirators who framed the plot to seize Mukden last September, admitted in a recent interview that it would require ten years for Japan to stabilize conditions in Manchuria. One may well ask what is to happen to Japanese investments in that territory in the meantime? Doihara urged that a "few more army divisions" be sent to Manchuria to preserve peace and order. No one knows just how many Japanese soldiers there are in Manchuria at present but it is not unlikely that half the entire standing army or 100,000 troops are on Manchurian soil and the result is ever increasing chaos. In the meantime the cost of the Manchurian adventure, plus the abortive Shanghai intervention, has run to more than Yen 400,000,000 and no one can forecast the end. However, the loss suffered by the S. M. R. gives some indication of the inevitable outcome which is disaster for the Japanese Empire in major degree unless something is done shortly to curb the Japanese war lords.

American-Oriental Bank of Szechuen Sells Out

The American-Oriental Bank of Szechuen, at Chungking, has been taken over by the Mei Feng Bank of Szechuen, which maintains a branch at Shanghai at 368 Kiangse Road. The above-mentioned bank has in recent years had no connection with the American-Oriental Bank with offices in Nanking Road, but according to the latest edition of the Hong List the A-O Bank of Szechuen in Chungking uses the same cable address and the same Chinese hong name as the American bank in Shanghai of the same name. The American-Oriental Bank of Shanghai in former years had a branch in Chungking, which it sold to Chinese interests in 1926.

STRIKING PRINTERS TIE UP CHINESE NEWSPAPERS

A STRIKE of the employees of three of the principal newspapers in Shanghai, during the latter part of last week has directed public attention to the great strides which have been made in recent years in Chinese newspaperdom. The most important and most widely circulated newspapers in China are printed and published in the International Settlement of Shanghai, and have printing units of the very latest pattern —much better than any foreign newspaper in Shanghai can boast of. Most of them were started originally by foreigners, but the foreign interest has in the meantime been purchased by Chinese, the latest transaction of this kind occurring several years ago when Dr. J. C. Ferguson, a Canadian-born American citizen, who owned the majority of the shares in the *Sin Wan Pao*, disposed of his interest for a very substantial sum. One of the most vigorous and most rapidly growing of the Chinese newspapers in Shanghai, is *The China Times*, on the board of directors of which are found such prominent men as Mr. Chiang Chia-ngau, general manager of the Bank of China and Mr. Singloh Hsu, general manager of the National Commercial Bank. The publisher is Mr. T. B. Chang. The strike on the three other papers, the *Sin Wan Pao*, the *Shun Pao* and the *Eastern Times* arose out of difficulties which the *China Times* has been having for some time with the Printers' Union. *The China Times* in its "battle" with the printers' union adopted pretty much the same tactics as the *Los Angeles Times* adopted years ago to prevent itself from being dictated to by the printers' union. It paid its printers and gave them privileges equal to, if not better than those accorded to union members, but absolutely refused to allow the Union to interfere in any way with the control of the paper, and particularly insisted on complete freedom in the selection of its employees. Throughout the United States, particularly in the larger cities, the selection of compositors and other employees is in the hands of the union and not a matter in which the employer has any say. The fight between the *Los Angeles Times* and the Union about twenty years ago had its climax in union sympathizers blowing up the building and killing a number of employees. In Shanghai the union members or sympathizers walked into the premises of the *China Times* (June 2) and strewed most of the type around and took away essential parts of the machinery, so that the *China Times* was able to come out the following morning only in a very abridged form. The employees of the other three papers went on strike out of sympathy for their brethern on the *China Times*. The strike only lasted for one day, the employees resuming work after officials from Nanking and prominent local Chinese businessmen had intervened.

In connection with these troubles of Chinese newspaper owners it may be mentioned that they are merely having re-enacted before them the same sort of disputes as have been incidental to the publishing of newspapers in the United States. After "battles" lasting for many years, the printers' union in New York has been successful in unionizing every newspaper plant in New York City. One of the results of such unionization is that the selection of employees (additional ones for example, or substitutes) is in the hands of the men themselves. There was an example some years ago where the son of the owner of a printing plant was prevented from working in his father's own establishment as a printer because he was not a member of the Union. So in due course the son applied for membership in the Union and it was many months before the Union admitted him to membership. The son's only object was to get a little practical experience of the technical part of the printing industry. As an example of how strong a hold the unions have on newspapers in the United States it may be mentioned that whenever a stereotype is used for an advertisement sent in by an advertiser so that it will appear in a particular style, the employer must distribute among the men as much money as the actual setting up of the type would cost. As a result in many offices such advertisements are actually set up as a matter of form, but are immediately thrown into melting pot, the eventual printing being done from the stereo which the advertiser has sent in.

⁂

The strikers on the three Chinese newspapers inserted in the columns of their respective newspapers, a declaration expounding their views, of which the following are extracts:

> "Oppressed fellow workers and fellow countrymen! In recent years, due to the manifold and complex effects of the unfavorable political and economic conditions in the country, life of the workers in China has already been reduced to a most miserable state. Since the outbreak of the Manchurian Affair last September, Chinese capitalists in face of the oppressions and encroachments of the Japanese Imperialism have made one concession after another and dared not to offer the least resistance. But to the mass of our labor comrades, deprived of sufficient clothes and food, they have adopted a positive and aggressive attitude. Under the pretexts of "Resist Japanese Imperialism to Save the Country," "Promote National Products" and "Increase Production," these capitalists actually tighten the grip in order to fatten on us. Such baseless and cruel methods, only the baseless capitalists can adopt; such terrible and miserable fate, only our Chinese labor comrades can suffer!
>
> "....These acts of oppression, the self-claiming "leaders of Public Opinion"—the capitalists of the *China Times*—are the first to perpetrate, while we, the workers toiling day and night for "The Cultural Enterprises" have the misfortune to be first to suffer. (Here follows a resume of the suppression of the *Republican Daily News* and dismissal of the printers of the paper). The capitalists of the *China Times*, with a particularly ingenuous mind, under the pretext of forcing us to print the *China Evening Post*, openly violate the organization of our printers' Association and failing to destroy our organization forthwith dismissed all of us....In order to safeguard our personal welfare and consolidate the foundation of our Association, we can not but make a bitter struggle with the cruel and ferocious capitalists of the *China Times*. We can not but lead our comrades to join in a general strike in order to warn them to awaken to their mistakes."

Japanese Sugar Development in Manchuria

As the first step to extend its sugar manufacturing enterprise to Manchuria and Mongolia, the Japan Sugar Manufacturing Company has signed a contract with the Bank of Chosen to make use of the plant, machinery and other equipment of the South Manchuria Sugar Manufacturing Company, whose enterprise had been suspended since 1927 due to the interference of the former military regime headed by General Chang Hsueh-liang.

PEARL BUCK WINS COVETED PULITZER NOVEL PRIZE

WE believe The *Review's* extensive family of readers, Chinese and foreigners both in China and abroad, will join with us in extending heartiest congratulations to Mrs. Pearl S. Buck of Nanking on her deserved good fortune in receiving the Pulitzer award of G.$1,000 for the best novel of 1931—"The Good Earth." The committee responsible for the award consisted of Jefferson B. Fletcher, professor of comparative literature at Columbia University; Robert Morse Lovett, professor of English at Chicago University, and Albert Bigelow Paine, well-known biographer. Mrs. Buck's novel, which was published last year by the John Day Company, N. Y., has already received frequent notice in these columns. It was a leading selection of the Book-of-the-Month-Club and aside from this extensive distribution, has gone through several editions and has been printed in foreign languages. The book deals with the life of a Chinese peasant farmer and his wife and undoubtedly has done much to create a better understanding of the fundamental problem of China—the peasant farmer. To say that it had much to do in causing the United States Government to take favorable action in granting to China an extensive wheat loan for flood relief probably is no exaggeration. Some idea of the extensive distribution of the book may be gained from the fact that a traveler on one of the Dollar round-the-world ships last summer counted a dozen copies of "The Good Earth" which were being read by passengers on the trip. The newspaper trade journal, *Editor and Publisher* printed the following about Mrs. Buck and her work in the May 7 issue:

"Mrs. Pearl Buck was born in the ancient city of Yochow, in the interior of China. At 15 she went to a boarding school in Shanghai and two years later was taken to England and finally home to America, where she completed her education at Randolph-Macon College in Virginia. She was a quiet, reserved girl and did not care very much for the chatter that went on around her. After her graduation she returned to China and devoted two years to taking care of her sick mother. Then she was married to John Lossing Buck, a young American missionary and went with him to northern China, where they lived for five years. Later they moved to Nanking where she is at present. Her husband is head of the department of farm management, of Nanking University. Mrs. Buck has taught as well as written. She knows Chinese well. She has two little daughters and they all live in an old brick house in Nanking. Her first novel was "East Wind, West Wind," published in 1930; her second, "The Good Earth," and her latest book, published last month, is "The Young Revolutionist." "Sons," a sequel to "The Good Earth," is now running in the *Cosmopolitan* and will be published in book form in the autumn.

Other notable winners of Pulitzer prizes included Walter Duranty, correspondent for *The New York Times* in Moscow who received a prize of G.$500 for the best example of correspondence work in his series of articles from the Russian capital, most of which dealt with the "Five-Year-Plan." Charles G. Ross, head of the Washington bureau of the *St. Louis Post-Dispatch* was also awarded a prize of G.$500 for his editorial article entitled, "The Country's Plight—What Can Be Done About It?" Mr. Ross' article, considered the most searching analysis of present conditions in the United States, has been distributed in pamphlet form all over the world. John T. McCutcheon, famous cartoonist for *The Chicago Tribune,* was awarded a G.$500 prize for his cartoon entitled, "A Wise Economist Asks a Question." Mr. McCutcheon spent considerable time in the Far East at the time of the Boxer Rebellion in 1899 and 1900.

WHY MATSUDAIRA WAS LATE FOR LUNCH

WHILE *Reuters* and the other news services bring fairly complete news reports to Shanghai from European capitals, often they do not tell the whole story. For example a friend in London just mailed us a clipping from *The Daily Express* for May 10 which contains an interesting story that apparently was not fully covered by the news services. It seems that early on the morning of May 9 a delegation of British workmen belonging to the National Unemployed Workers' Movement made an unexpected call on the Japanese Ambassador, Mr. Matsudaira. The delegation consisted of five men and a woman and according to the report they marched boldly into the front door of the Embassy and demanded an interview with Mr. Matsudaira. The uniformed porter told them that it was not customary for callers to interview the Ambassador without an appointment but the men insisted and finally were conducted into a room on the first floor where one of the Japanese under-secretaries received them and inquired as to the reason for the unexpected early morning call. The leader of the delegation of British "reds" stated that they desired to present to the Japanese Ambassador a resolution against war. The under-secretary told them it would be impossible to interview Mr. Matsudaira "as he had a previous appointment, etc." The "reds" then announced their intention of remaining on the premises until the Ambassador could receive them. An hour passed, then another hour and finally the Ambassador's car driven by a liveried chauffer drew up in front to take him to a luncheon appointment. But still the British workmen stuck it out, demanding in increasingly louder tones that they be permitted to see the Ambassador. The under-secretary, anxious to avoid a scene, continued to argue, but finally the "reds" announced their intention to remain on the premises indefinitely and proceeded to make themselves comfortable. Now while all this was going on, Mr. Matsudaira actually was in the adjoining room listening in on the whole affair. Finally becoming exasperated at the delay in his luncheon engagement. Mr. Matsudaira gave the order for the London police to enter the building and eject the intruders which was accomplished after some argument but without an actual struggle. Shortly afterward, Mr. Matsudaira came out of the Embassy and drove away to his engagement. It is said to have been the first time that British uniformed police ever were within the premises of the Japanese Embassy since these diplomatic residences are technically foreign soil and immune from the law of the country. However, in this case they were invited to come in as the only way of raising the "embargo," so the Ambassador could keep his luncheon engagement.

THE JAPANESE SQUABBLE OVER PROPAGANDA MONEY

SOMETIME ago there appeared a reference in these columns of *The Review* to the new news or propaganda service which certain Japanese interests had started at Shanghai, the service carrying the inocuous name of "*Press Union.*" At that time it was not known just who or what interest was behind *Press Union* which apparently was trying to duplicate the work of the official *Rengo* service which supplies Japanese news in the English language to the foreign and Chinese press in Shanghai. Due to information which has been received from certain sources in Dairen, it appears that the *Press Union* service was originally financed by certain Japanese merchants, firms and individuals in Shanghai for the purpose of presenting the Japanese point of view both to the foreign community in Shanghai and also abroad, but later the promoters of the service succeeded in inducing the Tokyo Foreign Office to contribute a considerable sum toward the support of the service, the amount being between Yen 500 and 1,000 monthly. This money was provided largely for the purpose of publishing booklets which were distributed abroad, said booklets containing articles by Japanese and foreign writers, the two foreign writers most frequently quoted being H. G. W. Woodhead and George Bronson Rea.

Now come the promoters of the official *Rengo* service, which already receives between Yen 400,000 and 500,000 a year from the Japanese Government, who demand that the money now paid to *Press Union* be transferred to *Rengo* on the grounds that the official service is better qualified to conduct propaganda in Shanghai and China generally. In other words the promoters of *Rengo* want the *Press Union* money turned over to them for subsidizing its Shanghai office. The whole thing is, of course, nothing more than a scheme to bleed the Tokyo Foreign Office for more money because the propaganda conducted does the Japanese cause more harm than good. But the Japanese seem to think all that is required to set Japan right before the world is more propaganda. It apparently never occurs to the Japanese that there might be something wrong with their policies which has caused universal suspicion; they only think that if they could make their propaganda sufficiently extensive that the Chinese people and the world generally would ultimately be convinced. As a result of this peculiar trend of Japanese psychology the Japanese Government (or rather the Japanese tax-payers) are constantly victimized by persons and interests who have schemes for new kinds of Japanese propaganda designed to convince a more and more skeptical world of the altruism of the Imperial Japanese Empire.

As an example of the type of propaganda which is being put out by *Press Union*, we quote verbatim the following "childish" report which was issued by that service to the Shanghai newspapers on June 2:

FIVE CHINESE YOUTHS INSULT JAPANESE MARINES

Shanghai, June 2.

Five Student-like Chinese youths yesterday afternoon were found loitering on Kiangwan Road, near the Hongkew park, in whose vicinity the Japanese bluejackets are garrisoning now. As the naval guards watched these students, the latter wrote on the Road with white chalk "Down with Japan!" in large characters, and made fun of the bluejackets. The youths were immediately caught by the guards and taken to the headquarters of the naval landing party for examination. Officials of the naval landing party suspect that the youths were acting under instructions from some anti-Japanese organizations to stir up trouble.—Press Union.

JAPANESE WILL BRING MORE CAVALRY TO MANCHURIA

PROBABLY the most important item of news during the week in connection with the Japanese operations in Manchuria is that Imperial sanction had been obtained for the withdrawal of portion of the army there and to dispatch a certain number of cavalrymen instead. The important point is the introduction of cavalrymen. The Japanese have now been fairly successful in driving the Chinese troops opposing them, the so-called bandits, away from the railway lines, the latest operations of this kind being the occupation by the Japanese of the town of Hailun, the terminus of the Hulan-Hailun line, and thus securing complete control of that railway. The Japanese at once spread reports that General Ma Chan-san was on the run and would probably take refuge in Russian territory. Subsequent advices, however, showed that the troops engaged in the latest operations were not those of General Ma, who as a matter of fact has assembled large forces near the Amur and is apparently quite prepared to meet any attack. It is doubtless with a view of proceeding beyond the railway terminus that the Japanese cavalry are to be brought to Manchuria. In any event the Japanese will find that the real job of conquering the territory by military powess is still before them. The Japanese lost two planes in the operations at Hulan and Hailun, one crashing after having been hit by a Chinese bullet.

Major General Doihara, who has been one of the most active protagonists of the Japanese adventure in Manchuria, and who recently has been made commander of the 9th Brigade at Hiroshima, is under no delusions as to the immensity of the Japanese task. In a recent interview he said he believed that General Chang Hsueh-liang has not yet come to the end of his financial resources but that the time will come when he will no longer be a factor to be considered. He also remarked that a few more army divisions are needed in Manchuria in order to preserve peace and order. He admitted that financial considerations militated against these divisions being sent at the moment.

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Of more importance than the desultory military operations which are proceeding in the Three Eastern provinces at the present time are the various moves which are being made in diplomatic circles. The outstanding political events of the past few days have been that the Nanking Ministry of Foreign Affairs (June 8) issued a formal statement announcing the refusal of the Chinese Government to recognize the status of any official appointed to the Chinese Eastern railway by the so-called Manchukuo government. As is well known, the control of this railway is technically a fifty-fifty proposition, the Soviets and the Chinese each being supposed to have equal power.

Since the incursion of the Japanese however, as far as the Chinese part of the control is concerned, it is really the Japanese who have had the say through their domination of the "puppet" Chinese government. As regards the Soviet part of the control this has been, as least on parts of the line, only nominal—as when it came to a test, the Soviets would enter a protest whenever the Japanese usurped the railway to transport troops or for other purposes, and then, when they had to bow to *forcemajeure*, they formally gave approval. Now the Chinese Government at Nanking has entered a protest against the Japanese usurpation. For the moment the National Government is unable to do more than protest, but its declaration is important, nevertheless, when taken in connection with other developments. Interviewed by *Reuter*, Dr. Wellington Koo, who recently returned from his trip to Manchuria as an Assessor with the League Commission, said there were evidences everywhere that the huge Japanese war machine was pushing on towards an immense campaign of domination and conquest. Eminent Chinese in Manchuria, he said, had been made to do Japan's bidding, solely by coercion and a reign of terror. Dr. Koo gave it as his opinion that the situation was full of inflammable material, the repercussions of which would cause a most serious shock, which was likely to endanger the peace not only of the Far East but probably the rest of the world.

Of all the recent diplomatic gestures, the one that contains the most "guile" was another "conversation" on the evening of June 8 at Tokyo when Premier Saito, in his capacity as Foreign Minister, conferred with the Ambassadors of the United States, Britain, France and Italy. There is every indication that Premier Saito, following the proposal made on May 13 by Mr. Yoshizawa, urged on the other Powers the idea of making Shanghai a Free City, an essential point of which is to convert Shanghai into "an international free city within a demilitarized zone." This proposition is discussed at length in another part of this issue of *The Review*. The campaign of the local British Residents' Association was referred to in the House of Commons June 8, but nothing indicating the British government's future attitude was brought to light. The *Manchester Guardian*, in an editorial, says there is no reason why Japan should be allowed to extort concessions from China as the result of her policy of aggression and treaty breaking.

That Japan in the near future intends to give up the pretence of an "independent Manchukuo" state with Japanese officials advising—and instead openly to dominate without any camouflage, is indicated by the action of the Japanese Foreign Office June 8, when the plan for the unification of the "Four headed" administration in Manchuria was decided upon. Under this plan the political control is to be centered in the hands of a governor under direction of the Premier; the post of the commander of the Kwantung Garrison will not be abolished; the governor of Manchuria controlling Japanese political matters is to hold the post of commander of the Kwantung Garrison, in addition, temporarily; the post of Governor-General of the Kwantung Leased Territory will be abolished and a governor will be newly established who will be under the direct control of the Manchurian governor; a civil governor will be appointed under the Manchurian governor; a Bureau and Departments of Political Affairs, Financial Affairs, Communications and others will be established in the Government to handle the affairs of consuls of the South Manchuria Railway zone and leased territory, of communications, engineering and others; the Consul-General of Mukden will take the position of the Director of the Political Bureau in addition; the South Manchuria Railway Company, as a commercial firm, will be supervised by the Manchurian governor.

In the meantime, while the Japanese politicians are going ahead full speed with their grandiose plans of territorial expansion, the economic conditions within the country become worse daily. The distress is particularly acute among the farming population. The debts of the peasants are stated to aggregate about six thousand million yen and one of the plans which has been proposed is to grant them a three years' moratorium, but this would strike such a blow at the existing capitalistic and economic system that the Government hesitates very much to take such a step, which in any event would tend to depress very much the value of the yen in international markets. With a view to raising funds the Government has also proposed to still further increase the import duties, but this has aroused furious opposition from the farming element, particularly in view of the fact that Japan's tariff policy all along has had the result of catering to the manufacturers at the expense of the farmers.

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Replying to a series of pertinent questions put to him by Glenn Babb, *Associad s s* correspondent in Tokyo, Viscount Saito, the Premier of Japan on June 5 replied in writing on the various issues on which he was interrogated. Viscount Saito, among other things, said there was no danger of a war between Japan and Russia, but still it was to be hoped that the Soviets would stop the concentration of troops in the Far East; Japan does not desire to acquire any rights and interests owned by the Soviets in the Chinese Eastern railway; the recognition of Manchukuo by Japan will depend on the "competency" of the new state; Japan will adhere to the "Open Door"; there is no menace of revolution in Japan either by extreme nationalists or Fascists, although Japan in common with all countries was experiencing considerable unrest; changing conditions in the Far East make certain revisions in the Nine-Power treaty desirable, that is, if the other powers wish it; influential opinion in Europe and America at first hastily opposed Japan in connection with the invasion of Manchuria and Shanghai, overlooking the outrages committed by Chinese troops on the Japanese railway and the Japanese landing forces.

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The *Tokyo Asahi*, commenting on the League Commission enquiry, says the Commission is now "cognisant of Japan's special position in relation to the maintenance of general peace in the Far East and is awake to the need of the termination of the anti-Japanese movements in China as well as to the mistake of China's revolutionary diplomacy." The *Asahi* feels that it is only natural that the Commission should come to such a conclusion. The Commission is said by this Tokyo journal to have made up its mind to draw up its

(Continued on page 73)

Letting the Cat Out of the Bag on the Shanghai Issue

THE *Shanghai Evening Post* on June 6 published an item on its front page under a minor heading that did more to turn the spot-light on the real issue in the so-called Shanghai Question than anything that has appeared in public print recently. The item was headed, "Extra-Road Issue Proposal Opposed," and the text under the heading quoted local Japanese authorities as declaring their opposition to present efforts of the Shanghai Municipal Council to settle the so-called Extra-Settlement Road Question through the only sensible method of adjusting it—by direct negotiation with the local Chinese authorities in the Municipality of Greater Shanghai.

The news report in the *Evening Post* quoted some un-named Japanese spokesman as declaring that the Municipal Council had no authority to settle the road dispute and that the only authority which did have power to negotiate was the Consular Body. Now there is Japanese representation on both the Municipal Council and the Consular Body, but the Japanese representation on the Council (an elected body) is civilian representation, while Japanese representation on the Consular Body is official.

If the Consular Body negotiated with the local Chinese authorities on the road dispute the Japanese Consul-General would have a hand in it and he undoubtedly would express the views of his government rather than the views of local Japanese civilian interests. The news report in the *Evening Post* was therefore significant because it indicated that the Japanese Government does not want the road dispute settled except on terms that might be considered satisfactory by Tokyo. Just what that would be is speculative, but in view of recent Japanese declarations about a "free-city" and "demilitarized zone," there can't be much doubt. But if there is doubt, one only needs refer to what Japan is trying to put over in Manchuria. Obviously a government that is responsible for organized murder of Chinese residents and the brazen theft of Chinese property in one section of China could not be expected to follow a radically different policy when dealing with the Chinese in another part of the country. The Japanese intervention at Shanghai was part and parcel of Japanese policy in Manchuria. The Shanghai adventure failed because the Japanese ran up against unexpected Chinese resistance here and also encountered equally strong world opposition at Geneva, Washington, London and elsewhere. But while the Tokyo General Staff had to recall its legions from Shanghai, it did not give up the idea of attempting through other means the accomplishment of its major ambition —otherwise the creation of a "puppet" state at the mouth of the Yangtsze as a bartering point on the Manchurian issue. This is the explanation of the various schemes for the creation of an "independent city-state" or "demilitarized zone" which have been put out in numerous camouflaged forms by individuals or interests which are knowingly or unknowingly acting in Japan's behalf. The *Evening Post* is therefore to be complimented for printing a news report which figurately "let the cat out of the bag" in that it indicated without much question of doubt just what the Japanese are up to. To state the issue in plain terms the Japanese are now more or less out in the open in opposition to any adjustment of local controversial questions except on terms that would be satisfactory to the war-lords of the General Staff who control the Japanese Government.

Just how far the negotiations between the Municipal Council and the Chinese authorities on the outside road issue have progressed is not known. Mr. O. K. Yui, secretary of the Chinese Municipality announced during the week that a tentative agreement which had been initialed by representatives of the two interests had been forwarded to Nanking for consideration of the Government. There is hope that an agreement will be reached and also hope that the Municipal Council will stand by its guns and not be influenced by the Japanese who forfeited all rights to be consulted on the issue because of their activities here last January and February.

The controversy in the local Chinese and foreign newspapers which has developed as a result of the so-called Woodhead scheme for a round-table-conference to consider Shanghai questions exclusively has had one constructive result in that it has let the public in on some phases of the Shanghai question which heretofore have been a closely guarded secret. For example, Woodhead stated in his column in the *Evening Post* that in 1928 certain British interests here raised a "substantial sum" and sent a confidential agent to London, one Huntley Davidson, "who had lengthy interviews with about a score of British politicians of all parties, including Ramsay MacDonald, Lord Passfield, Lord Grey, Lord Reading, Lord Thomson, Lord Robert Cecil and W. Graham, Tom Shaw, Mr. Dalton, Lloyd George, Mr. Amery, Arthur Ponsonby and Sir Austen Chamberlain." According to Woodhead's statement the suggestion was made, apparently by leaders of the Labor Government, *"that it was up to Shanghai itself to contribute toward the solution of its problems by an impartial study thereof by a Commission on the spot."* Continuing, he stated that there were "practical difficulties" to the establishment of such a Commission "but the visit of Lord Hailsham and Lionel Curtis to Shanghai in connection with the Kyoto meeting of the Institute of Pacific Relations afforded the opportunity for a conference which resulted in the Municipal Council employing Judge Feetham Report that it was not bound by the the Shanghai problem." Woodhead's statement, however, that the Municipal Council's action had the "tacit, if not formal approval of the American and British Governments" is absolutely incorrect for the spokesman of the British Government immediately announced upon receipt of the Feetham Report that it was not bound by the conclusions contained in the report and as for the American Government high officials of the State Department announced they had no official knowledge of either Justice Feetham's employment or his recommendations. As a matter of fact the American Minister to China was never consulted and only learned of the Feetham report after it had been distributed to the local news-

papers. Therefore when Woodhead declared that the employment of Judge Feetham had the tacit approval of the American Government, he is not stating facts. Woodhead is, however, to be complimented for disclosing the secret history pertaining to the background of the Feetham report, which long has puzzled most Shanghai residents.

However, there is no particular point in worrying about that now for Woodhead admits that the Feetham report has been "pigeonholed" by the various governments which were supplied with complimentary copies by the Municipal Council. Aside from some of its recommendations which were fanciful in the extreme, the Feetham report was damned from the beginning because of the secrecy which surrounded Judge Feetham's employment. An attempt was made to lead the Chinese to believe that Feetham's employment and his ensuing report had the support of the various Powers interested in Shanghai, whereas Judge Feetham was merely a special pleader employed by the Municipal Council to draft a report which conformed to the wishes of certain Shanghai real estate dealers who wanted to extend the borders of the International Settlement. The good effect of his report which contained many excellent features, was thus largely destroyed.

The statement which appeared in Woodhead's article that the suggestion (apparently by the British Government) *"that it was up to Shanghai to contribute toward the solution of its problems by an impartial study thereof by a Commission on the spot,"* is a matter of tremendous importance for it is only in this way that the Shanghai Question can be settled satisfactorily for all parties concerned. This amounted to telling Shanghai to get busy and settle its own problems without bothering the Powers, but this is exactly what the powers-that-be in Shanghai do not want to do. Rather than face the real issue they continue to waste their own money and the money of Shanghai tax-payers on propaganda and the drafting of fanciful schemes which have no possible chance of success due to the opposition of the Chinese people and their government. If the Shanghai Municipal Council and the Chinese Municipality of Greater Shanghai would appoint a joint commission to investigate and report on a plan for the solution of outstanding Shanghai questions, the likelihood is that an agreement on the major issues could be reached that would be satisfactory all around. But, as stated, Shanghai has never been willing to face the real issue, but has wasted its good money on propaganda and the drafting of futile schemes designed to interest the Powers in putting over something that never in this world could receive the approval of the Chinese people or their government. However, the time is shortly arriving when Shanghai must face the real issue because the treaties upon which Shanghai's independent status depends will expire in 1933 and 1934. That both the British and American Governments realize this has been indicated in the attempts which both made last year to draft new treaties replacing the present commitments on exterritoriality. Had the Japanese not embarked on their military adventures in Manchuria and at Shanghai the chances are that both America and Britain would have reached an understanding with China on this troublesome question long before this time. But while the Japanese intervention has served to delay matters it can have no effect on the ultimate outcome for definite evidence is beginning to appear forecasting the collapse of the Japanese program in Manchuria, which will probably be followed by a Conference somewhat along the lines of the Washington meeting in 1921-1922 wherein all these outstanding issues can be adjusted.

Plight of the Denationalized Koreans

SHORTLY before noon on Friday, April 29 a Korean revolutionist threw a hand-grenade on the platform at a Japanese military celebration which was being held in Hongkew park, Shanghai, in commemoration of the birthday of the Imperial Japanese Emperor. The bomb exploded with terrific force resulting in the deaths of two prominent Japanese officials, Gen. Y. Shirakawa, commander-in-chief of the Japanese troops at Shanghai and Dr. Kawabata, president of the Japanese Residents Association of Shanghai, an official organization. Five other prominent Japanese, including high military, naval and diplomatic officials were seriously wounded. M. Shigemitsu, Japanese Minister to China, lost a leg and Vice-Admiral K. Nomura, commander of the Japanese Navy, lost an eye.

The man who threw the bomb was a young Korean named In Fung-fu and according to a statement generally believed to be correct, he was a member of a Korean terrorist organization which has its headquarters in the Chentiao district of South Manchuria, an area long known for its Korean revolutionary activities. In Fung-fu was apprehended by the Japanese military authorities immediately after the bombing and after being held here for more than a month was sent to Japan. Nothing further has been heard about him since.

Immediately following the bombing the Japanese military and police authorities at Shanghai conducted a round-up of all Koreans suspected of revolutionary activities, the French authorities cooperating in the arrests since most of the Koreans resided in the French Concession. However, most of the Koreans were warned and as a result the Japanese only succeeded in catching about a dozen, most of them being students or employes of the French street-car system.

Among those arrested was C. H. Ahn (Ahn Chang-ho), who, although of Korean blood, had become a Chinese citizen. He was naturalized in July, 1932 and his certificate bears the number 8531 which gives some idea of the number of Koreans who have taken out Chinese papers. Ahn, who is more than 60 years of age belongs to the older group of Korean nationalists who have advocated the non-violent style of revolutionary activities. He left Korea before the Japanese annexation of that unfortunate country and for the past thirty years has resided in China and the United States. His wife and five children who are American citizens reside in Los Angeles

while a brother-in-law, Dr. C. S. Kim is a graduate student at Johns Hopkins University.

Immediately after Mr. Ahn's family learned of his arrest, they employed an American attorney in Shanghai, Mr. Norwood F. Allman, to intercede with the Japanese authorities. Also, it was reported that the family brought the matter to the attention of the State Department and the American Minister to China, Mr. Nelson T. Johnson. The Chinese Government, due to Mr. Ahn's citizenship, also protested to the French authorities for their action in handing Mr. Ahn over to the Japanese and also for their questionable action in giving the Japanese authorities Mr. Ahn's Chinese citizenship papers which were forcibly taken from the home of Mr. Ahn's sister-in-law, Mrs. C. S. Kim who also resides in the local French Concession.

The remainder of the story which tells in vivid fashion the plight of the denationalized Koreans, is reprinted from *The China Press* for June 6.

On the morning of Friday, June 3, the Japanese authorities, transferred Mr. C. H. Ahn, a legally naturalized Chinese citizen of Korean blood from the local Japanese Consulate-General to a Japanese ship bound for Korea. Mr. Ahn had been arrested in the local French Concession on suspicion that he had some connection with the Hongkew bombing episode. Despite the fact proof was presented that Mr. Ahn had no connection with the bombing, the Japanese authorities continued to hold him a prisoner at the local consulate-general and it only was a few days prior to his transportation to Korea that his friends were permitted to communicate with him. What is likely to happen to Mr. Ahn after he arrives in Korea is not known and probably will not be known for many months. It is quite possible that nothing further will be heard about him for he is well over 60 years of age and obviously not in a physical condition to withstand long confinement.

There is a serious element involved in this case which is of vital interest to the Chinese people. According to indisputable evidence Mr. Ahn departed from Korea prior to the annexation of that unfortunate country by the Imperial Japanese Empire. For more than 30 years Mr. Ahn has resided in China and the United States. In July, 1923 Mr. Ahn became a naturalized Chinese citizen, his certificate of naturalization being No. 8531. The certificate was forcibly taken from the home of another Korean, Mrs. C. S. Kim, by two French detectives on the afternoon of Friday, April 29, and by them turned over to the Japanese authorities. The Japanese authorities first promised to show the certificate to Mr. Ahn's American attorney, Mr. Norwood F. Allman, but later they changed their minds and refused to do so.

While admitting they are aware that Mr. Ahn had no connection with the Hongkew park bombing, the Japanese have refused to state the charges under which he is being held, further than the technicality he had failed to register as a Japanese subject. The Japanese consular authorities merely informed Mr. Ahn's attorney that "Mr. Ahn has been sent to Korea for trial and he probably would be charged there under the so-called 'Peace Preservation Law'," the terms of which apparently are not known to the general public and are capable of interpretation in any manner which the Japanese military authorities may desire.

In connection with the efforts which were made here to effect Mr. Ahn's release, some interesting information was obtained regarding the terms of the Japanese naturalization law which was promulgated on March 16, 1899. This law provides, "Any person who voluntarily acquires nationality in a foreign state loses thereby his Japanese nationality." However, the Japanese contend that a Japanese subject does not lose his nationality until he has registered his loss of nationality with the Japanese authorities this contention being based upon the so-called Census Registration Law promulgated on March 31, 1914. Article 150 of this law provides:

"A notice of loss of nationality must be made within one month from knowledge of the facts, by the head of the family or by successor to the inheritance. The following facts must be included in the notice: (a) Name and domicile of the loser of nationality; (b) the cause and date of the loss of nationality; (c) the new nationality and date when acquired."

The penalty for failure to observe the foregoing subjects the violator to a fine of 10 yen or less, which obviously is not a serious matter. But it is important because the Japanese utilize this technicality to claim dual nationality over any Japanese subject residing abroad or who has become naturalized in a foreign country.

But the serious phase of the subject is yet to be told, for the situation seems to be that neither the Naturalization Law of 1899 nor the Census Registration law of 1914 have any bearing on Koreans; they only apply to Japanese from Japan proper or from the island of Formosa. They do not apply to Koreans, who apparently have no legal means of expatriating themselves, or in other words getting out from under the Japanese yoke. The Koreans, some 20,000,000 of them, therefore have no legal means of expatriating themselves. They are Japanese subjects and when residing in China have exterritorial rights but they must remain Japanese subjects irrespective of any attempts at naturalization in foreign countries. The Japanese claim that any Korean residing in China may be removed from Chinese soil to Japan or Korea by the Japanese consular authorities at any time the Japanese authorities may desire. The matter of deportation therefore rests entirely with the Japanese authorities who are not required by Japanese law to show cause for the deportation.

The situation is significant because of its bearing on some 1,000,000 Koreans residing in Manchuria. These Koreans either have emigrated voluntarily or have been forced out of Korea by adverse conditions caused by Japanese oppression in their home country. But after emigrating to Chinese soil these Koreans cannot become Chinese citizens and must remain Japanese subjects. But while remaining Japanese subjects, they do not possess legal rights enjoyed by subjects of Japan proper; they are subject to the whims of the Japanese consuls who may reach out for them and deport them back to Korea or to Japan at will. The Korean has therefore been entirely denationalized and politically emasculated and is useful only as a tool of Japanese imperialism wherever he may reside, but particularly so in Manchuria.

Viewed in this light the case of Mr. C. H. Ahn becomes tremendously important to the Chinese people and their government. The reasons are many and unnecessary to state, but if Japan has successfully denationalized 20,000,000 Koreans, this should be of special interest to China because of the 30,000,000 Chinese who reside in Manchuria and who apparently are in for a similar fate!

Where Dr. Sun Yat-sen Got the Idea of the Three Principles

James T. Shotwell of the faculty of Columbia University, has contributed to the current issue of the *Political Science Quarterly* (New York) an article on Sun Yat-sen and Maurice William. In the course of his discourse Mr. Shotwell says that Dr. Sun's task was the harmonizing of the historically applied principles of nationalism and democracy with a principle apparently hostile to them and welding them into a single triology. In this connection Mr. Shotwell says:

"Of all the strange chapters in the history of East and West there can be none stranger than this, that the founder of the Chinese republic and the spiritual leader of the new China found in the writing of an unknown American author so clear a statement of the hardest problem in his political philosophy that he made the American formulation his own. The book in question is *The Social Interpretation of History* and its author Dr. Maurice William of New York City. It was written just after the close of the world war and was known to few outside of the socialist circles in which Dr. William then moved and to which the book was addressed. One can hardly imagine anything less likely to appeal to the post-war reading public in America than an essay by a socialist criticizing Carl Marx's theory of the class war. Even indside the Socialist Party the author wrote as a mere private in the ranks."

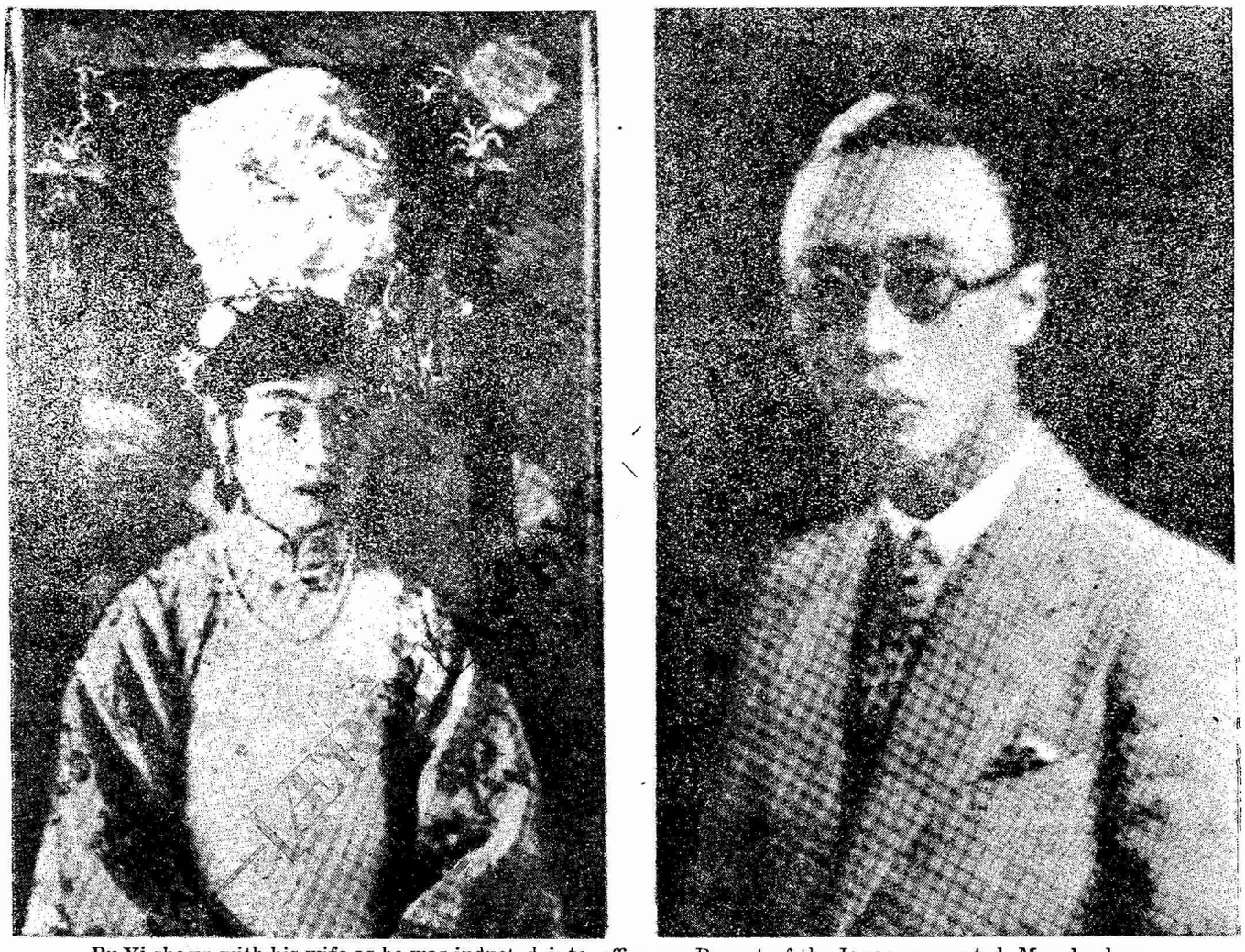
61-054

Pu Yi, the Betrayer of China and Puppet of Japan

BY HOH CHIH-HSIANG

HISTORY furnishes few instances of such magnanimity and noble-mindedness as were shown by the Chinese people in 1911, when they deposed their last Emperor, Pu Yi of the Manchu line. It would seem amazing to the world, especially in the light of the unfortunate histories of fallen dynasties in many lands, that the Chinese people have not only spared him from the tragic fate usually befalling dethroned royalties, but they have permitted him to live in peace and treated him with honor and respect. As an infant, he was the Emperor of a vast empire and after deposition, had become the most honorable citizen of the Chinese Republic. Indeed, few fallen Emperors have had such an fortunate and peaceful end as Pu Yi of China has enjoyed. It seems that the Chinese people have always been forbearing and magnanimous in the treatment of this worthy of the Manchu line. Even after he had broken faith with the Chinese and violated his pledges in the abdication edict renouncing perpetually his right to the throne, during his short-lived Monarchical Restoration in 1917, the Chinese people beyond once more deposing him did not take any violent measures against him. Instead of seeking to co-operate with the Chinese for the promotion of the welfare of the nation and showing himself grateful for the graces and honors, Pu Yi most ungratefully betrays China in the time of her national crisis and plays himself into the hands of the Japanese. By deserting China, he is forsaking safety and deserting the good-will of the Chinese nation. Further, by serving the interests of the Japanese Imperialists, he not only betrays China, but also betrays his ancestors, whose ancient domain he is to surrender to a foreign aggressor. He is treading on a most dangerous course in life and is heading towards the destiny of the historic fallen royalties.

Buffeted by fate and victimized by the circumstances, nay, exposed to dangers of violent and tragic end, Pu Yi presents a most pathetic figure in the world. Placed at the head of the so-called Manchukuo, but in fact a puppet in the hands of Japan, Pu Yi is really a man without a country. Indeed, no more pathetic and pitful figure can be found in the world. The pitifulness and precariousness of his present situation are perhaps keenly realized by nobody more than by his royal kin, Princess Der Ling, former first lady in waiting to Empress Tsu-Hsi, who has recently contributed an article to the American *Saturday Evening Post*, lamenting the fate of this last ruler of the Manchu House in most pathetic and touching terms. The Manchus, as Princess Der Ling pointed out, ruled China for 268 years. The dynasty they founded began with a baby, Shun Chih being placed on China's throne at the age of six, and ended with a baby, Pu Yi crowned at barely four. In another place, she pointed out, the death of Kwang Hsu, Pu Yi's predecessor, was tragic, as he was poisoned, Pu Yi seems to be following the footsteps of his uncle, for his life thus far has been most pathetic and tragic. Deploring the future of Pu Yi, she says that Pu Yi indeed has returned to the land of his ancestors; however, not as an emperor of that ancient domain but as a puppet of a conquering foreign power. What fate do the stars still hold for this last Emperor of China? she queries with deep sympathy.



Pu Yi shown with his wife as he was inducted into office as Regent of the Japanese created Manchoukuo on March 9 at Changchun, Kirin Province.

Pu Yi, although still a young man of 26, however has already had a most checkeredand eventful career and experienced many viscissitudes of fortune in life. In view of his spectacular rise into the lime-light of the world as the Regent of the Japanese puppet state, Manchoukuo, a detailed review of his career may be of timely interest.

Henry Pu Yi, as he is known among the foreigners, Ai Hsin Chueh Lo Pu Yi in the Manchu language and Pu Hao-yen his courtesy name in Chinese, was born at the palace of Peking in 1906. Incedentally, his birthday fell on the 5th day of the 5th moon of the Chinese Lunar Calendar, commonly known as the Dragon Boat Festival Day. Whether or not that is a fateful day for the child can not be known, but

the strange concidence seems to have destined him to his future eventful and pathetic career. The relations of Pu Yi to the Manchu Imperial House and his babyhood days leading from his cradle to the throne were most intimately and vividly described by Princess Der Ling in her article and provide very interesting reading.

Pu Yi is the son of Prince Chun Wang Tsai Fang, the younger brother of Emperor Kwang Su who ruled for 34 years in the Manchu Dynasty, which makes him the grand-nephew of Empress Dowager Tsu-Hsi. On his maternal side, he is the grandson of the grand councillor Yung-Lu, his mother being Yung-lu's daughter. This gallant and grand councillor was the Empress Dowager's childhood sweetheart, but their childhood romance was never realised, as fate stepped in and she was chosen a secondary wife of the Emperor Hsien-Fung. Upon becoming Empress Dowager follwing the death of her reprobate Emperor-husband, Tsu-Hsi made Yung-Lu marry one of her Court Ladies. A daughter was born of this union and when this child was grown up, she arranged a marriage with Prince Chun or Chun Wang Tsai Feng, to use his full name, of the reigning Imperial Family, thereby placing a possible

Pu Yi at the time of his Coronation as Emperor of China, 1908.

descendant of her childhood sweetheart, Yung-Lu in line for the throne. Her plan succeeded well, for a son was born of this union and this is Pu Yi, last Emperor of the Celestial Empire and now puppet head of the Japanese-creation Manchukuo.

The year of 1906 was the year when Pu Yi was born. Two years elapsed before the momentous events took place which were to change the life of little Pu Yi. The year 1908 was the most eventful for the tottering Manchu House. It witnessed the death of the Empress Dowager Tsu-Hsi; the death, by poisoning, of Emperor Kwang-Su and the placing of the boy Pu Yi on the throne by the Empress Dowager just before her death took place.

The placing of Pu Yi on the throne and the attendant ceremony of coronation was fraught with stark tragedy. Emperor Kuang-su was dead. The Empress Dowager Tsu-Hsi was desperately ill. In order to carry out her deeplaid plans, Tsu-Hsi had to make haste or it might be too late. Kwang-su had died in the early part of the night and as soon as the news was brought to the Empress Dowager, she ordered her officials to hasten to the house of Prince Chun and to bring the child, Pu Yi, to the Court. It was midnight when little Pu Yi was summoned to the palace. A terrible storm was raging which so electrified the air that caused the actors in this strange drama to have a premonitory feeling of evil, and which seemed to forebode the ill-fate of this tiny and innocent morsel of humanity.

Immediately after Pu Yi arrived, Tsu-Hsi gave orders that the ceremony of placing him on the throne be performed. All was ready and stage-managed and in a short time the child was declared Emperor with the name of his reign designated as Hsuan Tung—"proclaiming Universality." Pathetic Pu Yi was snatched from his warm bed and was hurried to the palace. Angered at being so rudely disturbed from his slumbers, the child complained bitterly. But in spite of his cries and protests, he was dressed in the royal robes and placed upon the Dragon Throne. That tragedy attended this dramatic moment the world now knows, but few, if any, said Princess Der Ling, knew the fateful words that were uttered by Prince Chun, father of Pu Yi, when he sought to pacify the child and stop him crying. As the child sat upon the Throne and the coronation ceremony was proceeding, his father was talking to him in soothing voice, repeating over and over again, "In a short time, all will be over," not knowing that he was predicting the fateful future of his son. Indeed, in but two years' time, all was over and Emperor Pu Yi ceased to be the Son of Heaven.

Pu Yi ascended the throne in 1909, when he was only 4 years old. But on account of his infancy, the affairs of state were in the hands of his intimate relatives. After reigning for three years, he was deposed. The great Revolution which was led by the late leader Dr. Sun Yat-sen after having suffered countless failures suddenly came to a head in 1911 and proved too strong and stormy for the Manchu House to withstand. At last on Feb. 2, 1912, an abdication edict was signed and issued by Empress Dowager Lung Yu, widow of Emperor Kwang-Su, in the name of the Child Emperor, Pu Yi in which he was deprived of all power and formally renounced his right to the Throne. An agreement between the revolutionary leaders and the fallen Imperial House was immediately entered into, providing for the retirement of Pu Yi, and a fund of $4,000,000 a year was to be given him for his living expenses. Though he still lived in the palace, shorn of powers over state affairs, he retained his large following in the royal suite and enjoyed the prerogatives of an emperor, leading a kingly life.

In the summer of 1917, the late Chang Hsun, a Manchu loyalist and a general of imperial type, staged a coup d'etat and forced President Li Yuan-hung to retire. Pu Yi was reinstated as Emperor on the Dragon Throne and he changed the 6th year of the Chinese Republic into the 9th year of Hsuan Tung. But the restoration of the monarchy was short-lived. Tuan Chi-jui soon gathered a large number of troops at Machang, not far from Peiping and announced to the country the guilt of those who helped Pu Yi regain his throne. Pu Yi was then forced to step down from his throne a second time.

From 1917 to 1924, nothing of particular import occurred in the life of Pu Yi after the monarchical fiasco of Chang Hsun. He continued to live in the Palace and still enjoyed the kingly life, but the yearly allowance for his household expenses was not fully paid him thereafter as a result of his violation of faith and the pledges of his abdication edict. In 1917, Pu Yi was eleven years old, but young as he was, the many troubles and difficulties he had been through had matured him beyond his years and began to keenly realize his delicate situation. The ill-fate seemed to pursue him all the time and in 1918, his mother, Princess Chun, died. When he reached the age of sixteen years in 1922, Pu Yi, in accordance with good old imperial traditions, was married to two Manchu ladies.

In the Autumn of 1924, Gen. Feng Yu-hsiang, then generally known as the Christian general, who was at that time in supreme command at Peking, had his suspicion aroused that Pu Yi was intriguing to restore the monarchy and took summary measures to nip the alleged plot in the bud. Suddenly and without warning, he dispatched a party of men headed by Gen. Lu Chung-lin, then Garrison Commander of Peiping into the Palace and ordered him to get out. Pu Yi was taken by surprise and had to leave without even having time to gather together his personal belongings. This happened in the early morning as he was just having his breakfast. When Pu Yi fled from the Forbidden City, he went at once to his father's house and into hiding.

While he was in hiding, the Japanese seized this opportune moment and offered him asylum at the Japanese Legation, which he readily accepted. He remained at the Japanese Legation for several months and was then spirited to the Japanese Concession in Tientsin, where he has lived at a house on Fukushima Road belonging to Tsao Ju-lin, a wealthy official and generally known as one of the three "National Traitors" and most notorious Pro-Japanese politicians.

As soon as it became known that Pu Yi had fled to the Japanese Legation and was under the protection of the Japanese, the wise old officials of the Palace shock their heads and pondered. Always suspicious of Japan, they long foresaw that the Japanese must have some deep-laid

(Continued on page 71)

Measures for Rehabilitating Silver

BY YUE KWEI-ZUN* (俞寰澄)

AT this time when the evil influence of silver depreciation has been felt by all the countries in the world and the talk of convening an International Silver Conference to remedy the situation has been rife, it is apropos to bring into prominence once again the problem of gold and silver. It is always my conviction that the measures for rehabilitating silver should be based on two premises: First, the close cooperation between Great Britian and the U. S., and secondly, China's promise of retaining the silver standard for some definite period in future. I am also of the belief that Great Britain, including India and Canada, the U. S., China and Mexico, representing the principal producers, holders, and consumers of the world's silver, should bear the chief burden of the task of its rehabilitation. With the fixing of the above premises and the cooperation of the countries mentioned, the silver price, irrespective of the possibility of convening a silver conference, can be restored and stabilized by the following measures.

The first measure for rehabilitating silver is the organization of a silver trust under the joint management of governments, leading banks, silver mines, and silver works. In the above-mentioned four countries, silver either directly coming from the mines or derived from the debased or old coins, will be purchased by the silver trust in accordance with the market rate; and, likewise, its demand either for monetary purposes or for artistic and industrial uses will be supplied by the same trust at the market price. This trust backed by the Central Banks or the Federal Reserve Banks of these four countries and the financial strength of these governments will use its sound judgment to regulate the supply and demand of silver.

The restriction of silver production is my second measure. Under present conditions, the production of silver has to be drastically reduced. During the last few years we have witnessed that the price of silver has fallen below its cost of production, and that in the meantime the prices of other metals such as copper, lead, zinc and nickel, from the ores of which silver is derived as a by-product, have also fallen. From our rough estimation, the production of silver this year will be possibly reduced to 200,000,000 ounces. Although the production is already about 50,000,000 ounces less than the average production of the last few years, I still consider this reduction not big enough, and believe that the total annnal production must by all means be restricted to the limit of 150, 000,000 ounces so much so that the reduction will prove beneficial to the present situation. The prejudice against silver will not be eradicated, until and unless the volume of its supply is limited to that of its demand. It is up to the mine-owners concerned in these four countries to come together to devise means for restricting silver production. The comparatively hard task is to restrict the output of silver which is derived from the ores of other metals as a by-product. For the present, the by-product silver does not assume a very serious problem, and in the future we can adopt the following three methods of preventing it from swamping the market: (1) The owners of mines and works should keep silver in their possession to wait for a high price; (2) The silver trust should buy it and hold it in its custody; and (3) The banks should advance money against silver at a low rate of interest. In a word, we must by all means keep silver in circulation in the market under 150,000,000 ounces, no matter whether the quantity of the production will exceed that figure. After four or five years, with the change of public prejudice against the white metal, its former status can be gradually restored, and silver now in storage can be sold out at good prices.

Abolition of Duties

My third measure is the restriction of selling of silver stock and the abolition of duties on silver. It goes without saying that the revival of silver price will be very much encouraged, if the British Indian Government can repeal the resolution passed by its Monetary System Revising Commission in 1926, and revise its monetary unit. We, however, are under no illusion to entertain this hope, as we have been recently told that its government authorities have still insisted that one rupee should be equivalent to one *shilling* and six pence. Thus it is understood that it will continue to sell out its silver stock. India, in the past decades, has been, besides China, another big silver-importing country. We can neither restrict nor modify the practice adopted by the British Indian Government of absorbing the white metal from its domain and disposing of it within its boundaries, although the practice will indirectly entail a great loss to the British treasury and commerce. While we can by no means persuade the British Indian Government to stop this practice, we have to seek other practical means for regulating the supply of silver. The most feasible means is, with the agreement of Great Britain as well as other countries, to restrict the annual selling quota of old silver to 10 or 15% of its annual production, or about 20,000,000 ounces. If this formula can be carried out, the total quantity of old and new silver circulating in the market will not be over 200,000,000 ounces every year, including 15,000,000 ounces of new silver as above fixed. According to the present market situation, the price of silver will be greatly stimulated through this regulation. Besides India, the silver stock in Germany and France has been nearly exhausted. In Japan and Holland, the available stock is small and will not be sold out at the present time; and in Spain, the silver in the government treasury is said to be about 100,000,000 ounces, and the Spanish government is still uncertain as to its disposal. Henceforth, all the countries which have silver to dispose of should first apply to the silver trust and let the silver trust purchase it, so that its price can be stabilized through the restriction of its supply, and the selling country will not suffer the loss through its fall in price.

Increase of Subsidiary Coinage

Fourthly, the above named four countries should increase the quantity of subsidiary silver coins now in circulation and also the fineness of silver contained therein. This is the initial step leading to the restoration of the accustomed usage of silver coins. By so doing, the consumption of silver can be kept up, with no effect upon the government treasuries of the countries concerned.

And lastly, all the Central Bank or the Federal Reserve Banks of the above-mentioned countries which now adopt the gold standard should include silver as part of their currency reserves. The present congestion of silver is caused by the fact that it has no exits other than China and India. If Great Britain and the U. S. can lead other countries in accepting silver as part of the bank reserves, the quantity of silver absorbed in this way will be enormous. The gold reserves in the U. S. alone are estimated at about G.$4,000,000,000; and if one per cent of her reserves is made in silver, she will take about 30 or 40 million ounces, supposing the market price of silver is quoted at less than G$0.30 per ounce. In this way, an enormous quantity of silver will be taken away from the market. because silver in terms of the gold money is very cheap. With the present silver price below its cost of production, no fear will be entertained for the further depreciation of the value of silver thus set aside for reserves. For Great Britain and the U. S. whose national wealth is large, to absorb this small amount of silver is nothing more than to pluck a feather from a bird.

The above five measures, which can be easily carried out, are intended to effect a gradual restoration of the former status of silver, to boost the silver price, and to change the popular belief in the demonetisation of silver. When the popular attitude toward silver has been changed after a few years, the public will once again turn its attention to the scheme of bimetallism as a desirable monetary standard. When that time comes, the people will have the same confidence in the scheme of bimetallism as they have now in the single gold standard. The evils of the gold standard are clearer and clearer every day. The mal-distribution of gold and its insufficient production have not only discounted the purchasing power of the Far Eastern people, but also caused the present world depression. It is believed that with the change of public opinion towards the gold standard, the adoption of the scheme of bimetallism will become a matter of fact after ten or twenty years.

In restoring the silver price, one thing must be carefully guarded, that is, the silver price should not be increased too rapidly. At the present time, all the owners of silver mines as well as the Far Eastern merchants, have incessantly cursed the evils arising from the fall in the silver price, and unanmimously hoped that it will be restored to its former price all of a sudden. This sudden rise in the price of silver, however, will do more harm than good, because it will not only upset the commercial market and strangulate many trades, but will also foster speculation and encourage production of silver. As a result, the purchasers and holders of silver will alike suffer the evil consequence and the program of restoring silver prices will be greatly hampered. Therefore it is my firm conviction that the process of rehabilitating silver must be carried out gradually. With the prejudice against the white metal passing into oblivion, its price will natually rise, without the need of any artificial means. It is needless to add that all the short-cut processes will only serve to delay the reaching of our desired goal.

Shanghai, June 6, 1932.

*Mr. Yue is a director of the Tung Yih Bank in Shanghai and a competent authority on the subject which he discusses.

Kuangtung-Kwangsi War Threat Persists

(By Our Canton Correspondent.)

THE South-western China Political Council's refusal to issue the necessary edict for the announcement of war between the Canton Government and the mutinous naval commanders in Hainan in Southern Kuangtung, the mediation for peace between the two contending factions by Mr. Hu Han-min, the former President of the Nanking Legislative Yuan, and the last minute appeal for peace made by fourteen Government Party leaders in Shanghai who wired to General Chen Chi-tang recommending an amicable settlement between Canton and Admiral ChenCheh have prevented the outbreak of hostilities in the last minute. On the whole the latest improvement in the South China political situation cannot be said to have entirely dispelled the threat of a resumption of internecine warfare and the outlook here remains most uncertain.

The future welfare in Kuangtung and its relation with Kwangsi depends much on the attitude of the military party which assumes a supreme command of the Kuangtung armies and part of the Navy. Discontented politicians are playing an important role in the administration of the Canton Government and these leaders see in the pronouncement of war between Canton an Hainan an opportunity to further their own political program which includes the creation of a semi-independent regime in Canton. At one stage last week it appeared as if the outbreak of hostilities was inevitable.

War Preparations in Kwangsi

General Chen Chi-tang then summoned his best regiments and gendarme contingents under Commander Chen Han-kwang from northern Kuangtung for concentration and garrison purposes on the West River in Shiuhing and Takhing while the Second Canton Brigade under General Chen Chang-po was summoned from Shiukwan for Canton suburban regions. The garrison contingent formerly stationed in Weichow has also been recalled to Canton and it is the military authorities' intention to send all these contingents to West River en route to Hainan to disarm the recalcitrant naval commanders by force. Meanwhile the Canton authorities are most apprehensive over the possibility of a combination between the Navy in Hainan and the watchful Kwangsi militarists and for this reason artillery regiments and heavy gun implacements are being installed at strategic positions on the lower West River. The object of this Canton preparation is to close the West River in the event of the Kwangsi Government showing signs to join hands with the Hainan naval regime.

Uneasiness in Wuchow

On the other hand the Kwangsi government is most alert over the Canton suspicion and heavy shipments of rice have been ordered from Chinese exporters in Hongkong and for days the Hongkong-Wuchow steamers proceeding to Kwangsi have been filled with this sort of cargo. Wealthy residents in Wuchow and other big cities in Kwangsi are laying in tinned goods against the time of interrupted communications and the memory of the Kwangsi residents is not so short as to forget their suffering in Nanning and in other towns on the upper West River when those places were besieged and isolated by the attacking Cantonese and Yunnanese allies under Gen. Chen Chi-tang two years ago.

At the same time messages to hand state that extensive recruiting is being carried on, and much drilling of troops could be witnessed in Wuchow and elsewhere in Kwangsi where the militarists are determined not to be caught napping or unprepared in the eventuality of hostilities. Keen observers of the situation predict that the Kwangsi leaders including Generals Li Tsung-jen and Bai Tsung-hsi (who are closely associated politically for years with Generals Li Chai-sum (Li Chi-sen) and Huang Shao-hung are inclined to support the Central Government in Nanking no matter what developments will occur in southern Kuangtung. The appointment of General Huang Shao-hung as Minister of Home Affairs to reside permanently in Nanking and Gen. Li Chai-sum as assistant Commander to Marshal Chiang Kai-shek in the coming anti-bandit drive in Central China Provinces has had a most favorable impression in Kwangsi and for this reason alone General Li Tsung-jen may formally accept the Nanking appointment to become the anti-bandit commissioner of Kwangsi despite the dilly dallying of his equally powerful military colleague, General Chen Chi-tang in accepting a similar post in Canton.

There is no doubt that public opinion in Canton and Wuchow is decidedly against further internecine wars and much agitation is on foot among the Hainan merchants' associations and the aerial commanders of the Canton Aviation Administration against these war activities shown in Hainan where Admiral Chen Cheh is also recruiting marines, and Wuchow. The aviators of the Government Aviation Administration declared their intention to issue a joint pronouncement in the form of a warning to the army commanders and advocators of war that the aviators on the whole would remain neutral in any future civil war in China. This pronouncement was prevented by the Government to be broadcasted in the newspapers last week and some of the aviators have been warned for adopting this independent outlook.

Government Aviator Arrested

Because of this agitation and the fact that some of the aviators belonging to the party of the dismissed General Chang Hui Chang have been strongly suspected by the Government to be conspiring with the recalcitrant naval officers in Hainan Commander Tsang Tseh-tong, the officer commanding the Third Government Squadron of aeroplanes, has been arrested by the Government and will be asked to face the military tribune shortly because at a raid organised by the military and police officials in the hotel at which the culprit was staying letters purporting to incite the officers of the Taishatao Aerodrome for a conspiracy against the present regime of militarists were found. The wife of the arrested aviator has made a pathetic statement in Hongkong offering a lengthy explanation as to the innocence of her husband's possession of those letters which were given him by Gen. Chang Hui Chang.

In view of the uncertainty in Kwangsi and the lack of an unanimous support from the flying officers General Chen Chi-tang has taken the wiser course of continuing the peace negotiation with Admiral Chen Cheh who has just returned to Hongkong after a secret visit to Hainan and Macao to complete his war preparations against Canton. Messrs. Hu Han-min, Hsiao Fu-cheng and C. C. Wu, until most recently China's Minister to Washington, have been asked to become official mediators of peace.

General Chen Chi-tang's latest peace terms include the demands of reorganisation by him of Admiral Chen's marines in the thirteen Hainan districts into regular gendarmes under the Canton regime's direct supervision, the surrender to Canton of all the gunboats in Hainan and Macao and the appointment of one of the Admiral's close and chosen friend, probably Commander Chen Ting, formerly Chief-of-staff of the Canton Navy, to succeed Admiral Chen Cheh as Admiral while the latter will have to agree to leave Kuangtung for a prolonged tour in a foreign country.

Negotiation With Kwangsi

Whether Admiral Chen Cheh will accept these terms will depend on the result of his political envoys' negotiations with the Nanking Government in Kwangsi where the Admiral's representatives are making a strenuous effort to form an alliance with Kwangsi to offer opposition against Canton. Other representatives of the Admiral have left for Kiangsi to see the Cantonese commander, General Yu Han-miao, who is leading an expedition against the bandits to ensure the peace on Kuangtung frontier because of the Fukien disturbances and Communist uprisings.

Despite all these political complications and threat of war the Canton residents have not lost sight of a prolonged anti-Japanese boycott which will be effectively enforced in all districts in Kuangtung. Something of great significance has just occurred here in connexion with the execution by the authorities of Pang Cho-lap, the head of the picketing corps and executive official of the Canton Anti-Japanese Boycott Society on the serious charge of assisting some unscrupulous merchants in the smuggling of huge quantities of Japanese goods into different districts of Kuangtung during the period of Sino-Japanese hostilities in Shanghai. The arrest

(Continued on page 68)

The Proposed Round Table Conference

BY C. Y. W. MENG 孟 長 沐

HAVING failed to make Shanghai a "Japanese concession," as they had premeditated, the shrewd Islanders have resorted to the plan of accomplishing their object by means of "crafty diplomacy," making use of the other foreign powers as their "tools" under the cover of a "Round-Table-Conference."

There are a number of viewpoints regarding the "scope" of the Conference. According to the "foreign die-hards" in Shanghai, as represented by the action taken by the British residents in Shanghai, such a conference should be convened by the powers and China at the "earliest possible moment" for the "settlement of outstanding matters affecting the welfare and good government of Shanghai," and which, according to their opinion, should include: (1) outside roads, (2) armed Chinese forces around Shanghai, (3) the working of the District court.

In the opinion in Tokyo, Japan wants to simplify the conference as far as possible and only discuss questions in which they say the other Powers are also interested: i.e., "making Shanghai an international free port and the creation of a demilitarized zone." Further, it is reported that following the conference, Tokyo would propose that the four Powers concerned would press the Nanking Government to accept the decisions of the Conference.

According to the report from the Washington correspondent of the *Daily Telegraph*, Ramsay MacDonald, British Prime Minister, had a long-distance telephone talk with Col. Henry L. Stimson, American Secretary of State, regarding Japan's request for a Round-Table-Conference of the Powers' representatives at Shanghai. The result of the conference was a decision that "the time is not ripe for such a conference." It is further reported that while at present the Japanese desire to restrict the agenda to the Shanghai question, in other quarters there is a feeling that the entire problem of Sino-Japanese relations, including Manchuria, should be taken up. The United States is said to have expressed its willingness to participate in an international conference on China, if China is invited to attend the conference.

According to the opinion of one spokesman in the National Government, China would not oppose the convening of a Round-Table-Conference to discuss all Sino-Japanese issues, including the Manchuria situation, "in the spirit of the League Covenant and the League's Resolutions as well as the Nine-Power Treaty of Washington." But China considers a Conference highly superfluous and therefore quite unnecessary if it should confine itself, as suggested in certain quarters, to a discussion of the question of the security of Shanghai because the security of Shanghai has never been endangered, except by the recent hostilities of the Japanese forces, and because normal conditions in that port will automatically be restored the moment those forces are completely withdrawn.

According to a *Reuter* despatch from London dated May 30 there is an increasing anxiety among well-informed people in London and Washington and other leading capitals regarding the possibility of a Russio-Japanese clash, and that the anxiety is reflected in the sudden British and American action, in which France and Italy have concurred, to accelerate the holding of a Round-Table-Conference in Shanghai which will discuss the status of Shanghai from the international standpoint and perhaps also-Japanese differences.

That is to say, the "scope" of the conference would cover: (1) the Shanghai problem, which would include the demilitarization of certain areas in Shanghai and the application of Judge Feetham's recommendations; (2) the Sino-Japanese problems including the Manchurian issue; and (3) the Far Eastern peace problem. Differences in motives involve differences in the scope of the conference.

Britain's Mistaken Move

When such a conference was proposed by the British residents in Shanghai, the Chinese could not but ridicule them because of their "foolishness." When the anti-British feeling was rife in China in 1925, arising from the May 30 incident in Shanghai, the Japanese did all they could "to get out" of the trouble, and lost no time to take advantage of the situation to wrench the trade in the Yangtsze valley from the British merchants. The present Sino-Japanese crisis offers a good chance to the British merchants to wrench the trade from the Japanese in different parts of China. While the people at home are very anxious to develop trade with China, as witness the formation of "Dorman Long & Associates (China) Limited," covering almost the whole field of British heavy engineering for financial schemes, the British merchants in China fail to grasp the opportunity but further create ill-feeling with the Chinese by an ill-considered circular letter for the holding of a round-table-conference. While the British officials are sympathizing with the Chinese and have been rendering every possible assistance to China, as evidenced by the good-offices of Sir Miles Lampson in effecting the conclusion of a Sino-Japanese parley in Shanghai, which created a very good impression in the Chinese mind, the British die-hards, by their actions, set up obstacles in the way for the improvement and betterment of Anglo-Chinese friendly relations. While the people at home have "full confidence in the future of China under a stabilized political regime," the British in China never place their confidence in the Chinese: they attack the Chinese courts; they even went so far as to demand the demilitarization of the Shanghai area. Instead of "getting out" of the trouble, the British in China seem to wish to be "involved" in the Sino-Japanese trouble. Should the British in China press hard on the holding of the Round-Table-Conference, to discuss the problems as mentioned in their circular letter, we warn them that it would have the very effect of renewing what they experienced seven years ago. We wonder why such a learned man like H. G. W. Woodhead, who has been in China for so long a period, and who is presumed to know the Chinese psychology well, is so foolish and so short-sighted as to head the movement!

Resolution of Feb. 29 Interpreted

The promoters of the round-table-conference, when they proposed to call such a conference, have referred to the Resolution of the League of Nations adopted on Feb. 29, 1932, as if their proposal is really based on the League's decision. The text of the statement in question is as follows:

1. "A Conference to be immediately set up in Shanghai composed of representatives of the Governments of China and Japan together with representatives of the other powers above referred to for the purpose of bringing about a final conclusion of fighting and the restoration of peaceful conditions in the Shanghai area.
2. "The conference would be undertaken on the basis (A) that Japan has no political or territorial designs and no intention of establishing a Japanese settlement in Shanghai or of otherwise advancing the exclusive interests of the Japanese, and (B) that China enters the conference on the basis that the safety and integrity of the International Settlement must be preserved under arrangements which will secure these areas and their residents from danger.
3. "The meeting of this conference is of course subject to the making of local arrangements for a cessation of hostilities. The Council trusts that this will very speedily be brought about. It is proposed that the military, naval and civilian authorities of the other principal powers represented in Shanghai will render all possible assistance in consolidating the arrangements."

The special session of the Assembly of the League of Nations, adopted the following resolution on March 4:

"The Assembly recalling the suggestions made by the Council on Feb. 29 and without prejudice to the other measures therein envisaged:

1. "Calls upon the Governments of China and Japan to take immediately the necessary measures to ensure that the orders, which, as it has been informed, have been issued by the military commanders on both sides for the cessation of hostilities, shall be made effective.
2. "Requests the other powers which have special interests in the Shanghai Settlements to inform the Assembly of the manner in which the invitation set out in the previous paragraph is executed.
3. "Recommends that negotiations be entered into by the Chinese and Japanese representatives, with the assistance of the military, naval and civilian authorities of the powers mentioned above, for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces. The Assembly will be glad to be kept informed by the powers mentioned above of the developments of these negotiations."

Reference of the suggestions made by the Council on Feb. 29 in the Assembly resolutions makes it clear that the

conference referred to in the statement and negotiations in the resolution are one and same thing. It is indisputable that the conference which led to the Agreement signed on May 5 was the conference referred to in the Assembly resolution, as it is explicitly stated in the Agreement itself in the following words:

"Representatives of the friendly powers assisting in the negotiations in accordance with the Resolution of the Assembly of the League of Nations of March 4, 1932."

Therefore, it is clear that the conference referred to in which China promised to participate was the one which already took place and which had caused the cessation of hostilities in Shanghai. Any other conference which might be called after May 5 in Shanghai would therefore not come under the interpretation of the Resolutions of the League of Nations!

A Superfluous Conference

However, as stated above, China would participate in a round-table-conference, but China's participation is conditioned on the premise that the conference is being held in the "true spirit of the Nine-Power Treaty" and "Covenant of the League of Nations." That is to say, any resolution contrary to the provisions "respecting the territorial and administrative integrity of China," as clearly provided in the Nine-Power Treaty, could never be allowed to be brought up for discussion in the conference. Such proposals as "demilitarization of Shanghai areas"; making Shanghai as a free state, etc. should they be brought up at the conference, are contrary to both the spirit and letter of the Nine-Power Treaty, which China could never consent to discuss. But on the part of China, she is sure to demand, during the conference, the upholding of the Nine-Power Treaty and the League's Covenant and the endorsement of its decisions, and the immediate and unconditional withdrawal of the Japanese forces in any part of China, including Manchuria. At the conference, the Japanese might demand this and that; might propose this and that, on various grounds of "necessities", but China could never be expected to grant any concession other than the promise that China would give "equal opportunity" to all concerned to have a "fair and honest dealing" with China. As to Manchuria, China is sure to insist on the withdrawal of the Japanese forces first, and then the opening of negotiations on various outstanding issues to be settled in the spirit of the Nine-Powers treaty. China could yield no further than this; but this is sure to prove very "unsatisfactory" to the Japanese! The Nine-Power Treaty which China chooses to uphold is the one which Japan has trampled under foot, and is the one which Japan calls for modification on the ground of the non-applicability of the Treaty owing to the alleged changing conditions in China. Then we have a situation which has involved many other irrelevant issues and has created a situation far more awkward than it is at present. What would be the duty of other participating Powers? Would they just quit and see complete collapse of the conference? What compromise could they bring about? It is to be reminded that the collapse of the conference automatically means the immediate outbreak of an armed conflict, not only between China and Japan, China-Russia and Japan, but also China-Russia-America and Japan, with Germany, now dominated by the nationalist party, going to the side of Russia, while France, as a help to Japan, but largely as a means to "beat off" a rapid growing Germany, going to the side of Japan. We would then witness another "World War." In other words, there is a great danger to calling such a conference as the disputing parties, whose disputes could never be reconciled could never be induced to reach any conclusion. In view of the fact that the conference is destined to be a failure, and further in view of the danger ahead, we desire to see no such conference being called.

The Only Way Out

On the part of other powers, they should be fully aware of not being utilized and fooled by the cunning Islanders. The foreign powers should realize that the present controversy between China and Japan leaves practically no room for compromise. China wants to uphold the sanctity the Nine-Power Treaty and the League's Covenant, but Japan wants to disregard all of them. Unless they could make Japan pay due respect and attention to all these international agreements, we shall advise the foreign Powers not to consent to participation in the conference, for even if a hundred round-table-conferences were held, they would not solve a single issue of the Sino-Japanese conflict, but it would make the situation go from bad to worse!

In the past, we know that it is just because of the impossibility of reconcilizing the Sino-Japanese issues that has caused some Powers to "stand aloof," to "sit on the fence," or to "get out." That this is not the statesmanlike attitude towards the present situation in the Far East goes without saying. But instead of taking more effective action leading to a solution of the present impasse, some of the foreign powers have now expressed their willingness to participate in a round-table-conference with a view to achieving some means to prevent a Sino-Japanese outbreak or a Sino-Russian-Japanese clash. But, as pointed out above, such conference not only would be "superfluous," but if it were held it would only precipitate the crisis. The present situation in the Far East is very critical. With the coming into existence of the "Fascist movement" in Japan and into power of the militarists in the Island empire, the situation is pregnant with every possibility of danger. But the whole critical situation might be saved if the United States and Great Britain could cooperate and take some common action to bring pressure to bear upon Tokyo to quickly settle their disputes with China in the spirit of the Nine-Power Treaty! That is the "duty" of the American and British governments in the present crisis in the Far East!

Nanking, June 2, 1932.

The Peking Syndicate's Difficulties in Honan

At the ordinary general meeting of the Peking Syndicate held in London recently, Major W. S. Nathan, the chairman, speaking of grievances which the Japanese had against the Chinese, said the Syndicate had similar grievances, as the Chinese authorities had openly violated the agreement made between the Syndicate and the Honan Government, approved by both the British and Chinese Governments, for the working of the Syndicate's mines and the Taoching railway. Mr. Nathan related how he came from London to China last year and after consulting the then Minister of Industry proceeded to Honan for a conference with the provincial authorities direct. He made arrangements in Honan for the dewatering of the syndicate's mines, and the director of the Chung Yuan Mining Company also held a meeting with a view of once more placing the property of the company in the hands of the shareholders. After negotiations with General Chang Feng, the Civil Governor of Honan, Mr. Nathan proceeded to Kaifeng and as apparently everything had been straightened out to resume operations, he returned to England. On the way home, however, he received a telegram from the general manager in China that a mob had attacked their workmen and thus the dewatering operations had been rendered impossible. Since then various arrangements had been made with the labor unions and native pit owners for the work to be proceeded with, but Mr. Nathan warned the shareholders against too great optimism.

Irrigated Land in Shensi Is Used for Opium Cultivation

The Shensi correspondent of the *N. C. D. News* in a recent article records the progress of work on the Wei Pei irrigation project, which will provide a stream 30 feet wide and 10 feet deep to irrigate the neighorhood. A tribute is paid to S. Elliassen, the chief engineer. One of the regrettable features is that many acres of the land which is being irrigated is used for poppy culture. The correspondent refutes intimations that missionaries remain silent regarding this "scandal" and mentions that the missionaries hate opium more than anybody but the hope of most of them is not in fiery denunciations by foreigners but in "the growth of a public conscience in China which will compel the Government to deal drastically with what is the real national shame."

Chinese Lawyer Criticizes Gambling in Exchange

In the course of arguments before the Soochow High Court last week, Yun Chinn-linn, a Chinese lawyer representing the German firm of Jebsen & Co., in resisting an appeal from a judgment from a Shanghai judgment ordering the Chinese Min Shung Umbrella Co. to pay Tls. 5,763 damages, severely criticized the practice of Chinese dealers in gambling in exchange when they bought foreign goods. In this instance the Chinese firm attributed their unwillingness to take up the cargo which they ordered on the ground that exchange had gone against them. Mr. Yun said better business relations would follow and more confidence would be inspired in Chinese dealers if they would be content with small margins of profit by settling exchange at the time of ordering the goods.

The Japanese Smoke Screen

BY ISAAC F. MARCOSSON

(Reprinted from the Saturday Evening Post for May 7)

THERE is a widespread belief in the United States that the principal lessons of the latest Sino-Japanese conflict are: First, the unexpected resistance of the Chinese at Shanghai; second, the inability of the League of Nations to prevent an international armed clash which defied the League Covenant and made a jest of the Kellogg antiwar pact. These, however, are incidental revelations. Japan's procedure in both sections is part of a policy that, for nearly forty years, has linked territorial acquisition through force with commercial penetration. The Nipponese bayonet and sample case have invariably traveled together. It has not been a case of Asia for the Asiatics but of Asia for Japan.

The chief objective of Japan's external policy is China. Now, if China, with her 2,945,797 square miles of area and her 475,000,000 population—she contains nearly one-quarter of the people of this earth—were just an ordinary detached geographical unit, we, and the rest of the world, could stand on the side-lines, say dispassionately, "This is not our affair," and let it go at that.

Will History Repeat?

But in the open-door policy, enunciated by John Hay in 1899, we proclaimed territorial integrity and equality of business opportunity in China. It was restated and reenforced by the Nine Power Treaty of 1932—a by-product of the Washington Conference—to which Japan is a signatory. All that Japan has done in the Orient these past eight months flouts the principle upon which this policy is based. China's boycott of Japanese goods—her immemorial agency of resistance to invasion—gave Japan her provocation for advance. There are many who believe that if Japan runs true to form the alleged independent state of Manchuria—a Japanese-run show—is booked for the same fate as Korea. The identical technic is being employed on the latest victim of Nipponese ambition. Korea, originally a vassal of China, was first set up as a separate state with Japanese advisers. Her foreign policy was then taken over by Tokio. Within five years she was, and remains, an integral part of the Japanese empire. Alien commercial interests, ours included, were practically edged out. Japanese foreign policy, like the proverbial history, has an irritating habit of repeating itself.

China proper is apparently next in line for the same course of assimilative treatment. If Shanghai, or rather Chapei, had not held out long enough to be backed by a practically unanimous international sentiment, she might have been easily the first step in a march of political and commercial conquest to plant the Rising Sun flag throughout the entire Yang-tse Valley. As a matter of fact, Japanese withdrawal, at the time I write, which is the end of March, is being delayed by every subterfuge in the elastic lexicon of Japanese diplomacy.

Our Stake in China

Thus the Pacific, which persistently belies its name as a body of water and the designation of a vast area, is once more to the fore as the theater of significant international activity, shoving into the background, for the moment at least, the European debts and reparations. There are foreign debts aplenty in China, to be sure, with the now-familiar default label attached. Compared with the larger issues of Chinese territorial integrity and equality of economic opportunity there, they are insignificant details in the Oriental picture which has focused the interest and apprehension of the universe.

Though our stand for the integrity of the treaty conserving China is not animated by a dollar-and-cents motive, our economic status there is of peculiar importance. To begin with, there has been no indiscriminate been no indiscriminate flood of good American dollars flood of good American dollars loaned to China in a reckless financial push to get under-writing business at any cost, regardless of equity, as there has been in South America, and to a lesser extent, in Europe. Our money has been planted, but it has also increased and multiplied simply because, in the main, it is employed in branch business houses, some of them dating back to the good old days when our clipper ships in the ten trade showed their heels to all other craft, and in branch factories. It means that for once, in a world consideration, we are not concerned with the follies of international bankers but with the affairs of our international merchants.

Our investment in China is approximately $250,000,000. This figure is not a large one as compared with our holdings in other parts of the world. But it means much more than a quarter of a billion. Our stake in China has not only survived, but it has expanded under the incessant political vicissitudes to which China is heir. Today the chief menace to every foreign interest in China is not China but Japan, or rather the Japanese policy of expansion. There is another reason, aside from the character of the investment, why our material connections in China are important. In that vale of business tears, otherwise present-day world trade, she is our one bright spot. Whereas our exports to Europe and Latin America last year showed losses of 35.5 per cent and 49.4 per cent respectively, as compared with 1930, our exports to China increased 8 per cent. It placed China in sixth place among our customers, being outranked only by the United Kingdom, Canada, Germany, France and Japan.

Although it is running a little ahead of our story, it may be well to make one vital point here which bears directly on the existing crisis, and this is the tremendous significance that the China trade has for Japan. The 1929 figures will serve to illustrate. In that year Japan exported $245,674,000 worth of goods to her neighbor. These exports constituted nearly 24.4 per cent of Japan's total world trade. During the same year our exports to China constituted a bare 3.5 per cent of our entire international exports, while those of Great Britain represented 1.6 per cent of the total volume of her world commerce. Japan's stake in China trade consequently was seven times more vital to her than America's China trade is to Uncle Sam, and fifteen times more important than the British China trade is to John Bull. Now you can see why that Chinese boycott struck at a vulnerable place.

Japanese Justification of Japanese Invasion

Two things are essential to an understanding of Japanese policy with reference to China. One is the mistake that Japan has made all along in reading the psychology of the Chinese. Japan's economic being depends to a large extent upon friendly relations with her nearest and biggest neighbor, who is also one of her biggest customers. Yet for years she has done everything in her power to antagonize her. The usurpation of authority by Japan in Shantung in 1915 was merely the far-away prelude to her latest maneuver in Manchuria, and its mate, if I may borrow the name of a well-known play, the Shanghai gesture. Japan did not realize that the issue begot of armed invasio nwas, and is, larger than an issue between the two countries involved. It jeopardized the peace of the world. It brought Japan in conflict with the policies and views of the West. Finally, it did more, for the moment at least, to unitfy a disrupted China than years of propaganda and academic education.

The other is a contrast between China and Japan. Whenever you talk with a Japanese about his country's policy in China, he invariably says that it is justified, as I have already intimated, by the well-nigh incredible and chronic political instability of the country. No one doubts that this state of chaos exists. For years the republic has been in the grip of a monster militarism expressed in the selfish ambitions of provincial governors —*Tuchuns*, as they are called—who regard the nation and its assets as their legitimate spoils. Perhaps 50 per cent of Chinese enegry and output have been annually sacrificed on the altar of these war lords. Hence the incessant civil wars which have made looting a fine art. This is why nearly every spring for years all the foreign newspapers in China print advertisements: "Now is the time to take out your antiloot insurance." Loot has comprised the principal pay of Chinese soldiers. And when civil war takes a holiday, flood and famine have their devastating innings.

Chinese nationalism, as such, has never been more than a camouflage to cover perennial militarism. In the past ten years a half-baked Communism contributed to the general disruption. Bolshevism has always thrived in the soil of unrest.

61-061

Governments in China change so quickly that it is almost impossible to catalogue them. In 1922 I interviewed three presidents and four premiers within the space of three weeks. It was a typical experience. As a matter of fact, the one fervent nationalistic impulse up to the time of the attack on Chapei revolved about the Cantonese. This, in turn, has largely been kept alive in the hearts of Cantonese exiles abroad. Your Chinese cook or house boy and your Chinese laundryman never fail to respond to the Canton home appeal for funds. They have paid the freight, so to speak, for much of the overhead on warring.

All this disorganization has made China peculiarly susceptible to the type of political and economic aggression which Japan typifies. As against a score of ambitious military governors constantly in conflict, and a social and commercial structure more or less honeycombed with graft, you have a nation solidly and almost fanatically united. Though this unity is strong enough for all practical and political purposes at home, it works overtime abroad. When China, for example, sends a delegate to an international conference, the government behind him is often out of a job before he takes his seat. He represents a vacuum. When Japan, on the other hand, puts a man in a session of powers, he has sustained authority behind him.

It means, in a word, that Japan is one huge all-for-one-and-one-for-all family, with the emperor as father of a many-millioned flock. It also means that she is a vast business trust with no international Sherman Law, save the force of opinion, to cramp its style. When a foreigner competes with a Japanese firm, he is really in competition with the Japanese Government itself. Despite bowler hats, boiled shirts and morning coats—Pierre Loti, in commenting on the vaunted Nipponese assimilation of Western ideas, once said: "A translation, but badly made"—the country is fundamentally feudal in spirit, organization and purpose.

The Weak Link in Japan's Armor

Fully to comprehend Japan's policy, you must first envisage the country and its chief problem. Japan proper has an area of 147,400 square miles, with a population of 64,450,005 people. The total size of the island empire is 260,491 square miles—a little less than the size of Texas—sheltering 90,397,322 persons. The itch for expansion, which in her case also spells economic aggrandizement, originates in Japan proper. Japan being largely mountainous, the tillable land is a bare 15 per cent of the total area. Within Japan proper the supply of coal, iron and oil is inadequate. Nearly 55 per cent of her imports are raw materials. The Japanese population increases at the rate of approximately 900,000 a year. Those new mouths must be fed. The nation is thus faced with the problem of a population steadily growing in the face of an inadequate food supply. Here, by the way, you have the weaknesses of the widely capitalized Japanese pretension of ability to go to war with a major power. An effective blockade would starve her out, to say nothing of closing the door to essential raw materials. This, however, is in passing.

When Japan first began to cast her covetous eye over the Eastern world she faced the two courses which confront any comparatively small, energetic and densely populated country. Like Sweden or Great Britain, she could intensify industrial development and live largely by exports. In the case of Sweden, 70 per cent of her industrial output is dependent upon foreign selling. With the two nations I have mentioned, as well as Denmark, Holland and Switzerland—also small countries—there is no wild rush to colonize economically through the infiltration of nationals. When the British migrate, it is to settle under the Union Jack. The other course is expansion through territorial conquest, which not only offers an outlet for surplus industrial products but for surplus population as well. Japan chose the latter course. Out of it emerged a formula, the forceful dramatization of which has given the empire its place in the sun. Its justification was once expressed to me by an eminent Japanese statesman in this fashion: "We must starve in saintly righteousness at home or move into our neighbor's back yard."

Japan has been able to further her aims because of conditions which the West has not sufficiently comprehended. At the root of them is the fact that political and economic policies are closely interwoven. It is one of many manifestations of the feudal spirit. As I said before, Japan is one huge trust. Big business fits neatly into the scheme. To illustrate, 70 per cent of all the trade and industry of the empire are in the hands of only fifteen great families of the type of the Mitsuis, the Iwasakis, the Yamagatas and the Suzukis. That all-for-one-and-one-for-all idea, an idealistic aspiration in the West, is a living rule of action in Japan. It largely accounts for the fact that the Japanese Cotton Spinners Association—cotton products vie with raw silk as the principal export—includes 97 per cent of all the cotton spindles and more than 80 per cent of all the power-driven looms in the country. There is no other organization within the industry. Its decisions have the real force of law. So with silk and other major productive activities.

Foreign Policy Originated in the War Office

Now take the agency which galvanizes the political aggression idea. The War Office, and not the Foreign Office, dictates policy outside the empire. The armed forces are not answerable to the cabinet but only to the emperor. This has made for the Japanese conception that might is right. It enabled the militaristic wing, largely predominant in affairs, to project both the Manchurian and Shanghai adventures.

It is a curious commentary on Japanese civilization that the three conservatives who opposed a continuance of the policy of economic and territorial aggrandizement have all been assassinated. First was Premier Yuko Hamaguchi, shot in Novermer, 1930, who died in August of last year. Next came Junnosuke Inouye, Japan's foremost financier and liberal statesman, killed in February of this year. The third was Baron Takurma Dan, head of the great house of Mitsui, whose murder followed just a month later.

It is not surprising, therefore, to find that the entire Japanese advance is war-won. From the early 90's, when Japan humbled China in an armed conflict, her procedure has been based on the theory that Japan's economic necessities are best met by the acquisition of new territory from which raw materials can be drawn and where Japanese trade can be favored with special privilege. This has proved to be the case in Korea, Manchuria and in certain portions of China proper.

With another aspect of the Japanese policy, success so far has been elusive. I refer to the hope that the excess of home population would emigrate to the occupied territories. Despite a quarter century of occupation, there are only 460,000 Japanese in Korea. In South Manchuria the number is 220,000. In both cases a considerable number of government officials, railway employees and soldiers contribute to the total. The reason why Japan's big-scale emigration hopes have been dashed is that the Japanese refuse to migrate to a rigorous climate. They will not even go to the 100 per cent Japanese island of Hokkaido. In this desire to escape bitter cold you have the impulse which drove so many of them to our sunny Pacific coast. One fundamental is worthy of comment because it affects us: When the Japanese take root on foreign soil they raise an issue that is not so much racial as economic. Whether in California, Washington or British Columbia, the Japanese overwork and undersell all their competitors. I make this statement to show that wherever the Japanese sets up his productive abode some degree of economic friction follows.

We can now briefly recapitulate the Japanese advance. In our school days we were taught that westward the star of empire took its way. With Japan it has gone in three directions—that is, to the islands of the north, to the islands of the south and, what is more vital to the immediate consideration, to the mainland of Asia, where reposes the dormant wealth of China.

Japan's game of grab, with the economic factor always to the fore, began with the war with China in 1894, when the island of Formosa with its rich mineral deposits was the principal prize. Up to this time she had not run afoul of the white man. This collision developed in the struggle with Russia, fought out so bitterly in 1904 and 1905. The germ of the struggle lay in a clash of kindred imperial ambitions. The long Russian czarist arm had reached down into Manchuria, clutching the so-called Kwantung lease, which covered the tip of the Liaotung Peninsula, where the ice-free Russian port of Dalny—the present-day Dairen—sprang up. But Russia did more. She built the South Manchuria Railway from Changchun south to Dalny and from Mukden south-

61-062

east to Antung. She also leased Port Arthur—later the Verdun of the Russo-Japanese War—near Dalny, and made of it what seemed to be an impregnable stronghold.

An Inch in Manchuria

This Russian penetration irked the Japanese mainly because it dominated the approach to China. The inevitable clash came when, for the first time, a great white race bowed to the prowess of the yellow. With the fruits of that conflict, Japan got both the territory and the machinery with which to intrench herself in Manchuria and to expand her penetrative economic policy. Under the Portsmouth Treaty she obtained the Kwantung lease and Port Arthur and the South Manchuria Railway. Japan capitalized the opportunity presented in this rich prize of war. Given the proverbial inch, she has run true to form and taken the traditional mile in Manchuria.

Manchuria is the soybean empire, producing nearly 70 per cent of the world supply. This bean is food, drink and commerce to millions of persons. Japan became a factor in beans. Then she fastened her hooks into the great coal mines and the shale-oil industry at Fushun. Japanese-owned iron works were reared at Anshan and Penchihu. The old Dalny became the thriving port of Dairen, through which the biggest portion of Manchurian trade passes. With an armed force installed as railway guards, but in actuality a wing of the Japanese army, she was, and is, able to enforce her political and economic will. Japanese capital stands squarely behind the penetration. All told, Japan has poured the equivalent of nearly a billion dollars into Manchuria.

The South Manchuria Railway demands special consideration because it has proved to be an arm of empire. The Japanese have made it far more than a transportation line. A joint stock company—51 per cent of the shares are owned by the Japanese Government—it operates mines, factories, colonization schemes, hotels, industrial works, an express company, and controls a steamship line. It also engages in loan enterprises. Every individual activity has given the Japanese an opportunity for some kind of assimilation of Chinese interests. To illustrate: The original cession agreement entitled Japan to 65 square miles, split up in sections all along the right of way. This zone has now expanded to 108 square miles. Various strategic realty sites acquired by Japanese in private life, ostensibly for factory or other developments, have overnight become part of the railway-zone area, over which the Chinese have no official jurisdiction.

A New Era in Asia

In the conduct of the South Manchuria Railway the Japanese conform strictly to the trust idea. From the start, Japanese shippers have been favored with rebates while aliens, Americans included, usually pay the full rate. When the Chinese-controlled railways, built with Japanese capital, reached a mileage greater than the South Manchuria, the Japanese gathered them into one system and diverted all possible traffic to their own lines. When the Chinese started to construct roads with their own money, Japan produced an alleged secret protocol of the Sino-Japanese Treaty of 1905 which forbade the construction by China of lines "in the neighborhood of, or parallel to, the South Manchuria Railway." What irked the Japanese more than competition, however, was the fact that these Chinese roads were built with materials largely obtained in the United States, and not Japan. Keep these facts in mind; they will enable you to understand the latest move in Manchuria.

With Japan's triumph over Russia, her expansion as a world entity began. Asia entered upon a new era, with Japan as the dominant agency. She bore precisely the same relation to Asiatic development that prewar Germany did to Europe at the close of the Franco-Prussian War. She stood at the crossroads of her destiny. Many contend that if Japan, in her hour of victory over Russia, had entered into an alliance with China, promulgated a Monroe Dectrine for Asia and made herself the keeper, so to speak, of the integrity of the continent, she would have been spared much of the international reaction against her which the attack on Shanghai this year developed.

But the imperialistic bug had bitten too deeply. Thenceforth, and until the armistice stilled the guns that pounded unhappy Chapei, Japan's policy has been one of persistent aggrandizement, as subsequent events show. What most people unfamiliar with Japan do not realize is that since the Russo-Japanese War, Hohenzollern Germany, and Prussia in particular, has been the model for Japanese organization and aggression.

The urge for expansion dominated both imperial schemes. Each country underwent a high degree of internal industrialization coincident with political advance outside the home confines. The old German economic aspiration was to dominate a Mitteleuropa and then spread via Turkey to the Far East. With both Japan and Germany, a railroad was both symbol and instrumentality. The Teutons planned the Berlin-Bagdad line, first, to tap the commercial potentialities of the area traversed; second, as a spearhead aimed at Britain in India. The Japanese have converted the South Manchuria Railway into an identical and more forceful agency for the actual control of Manchuria. Germany and Japan cluttered up the countries which were their economic and, in some cases, their territorial objectives with commercial and military advisers. These officials had special sources of information which enabled their nationals to get in on the ground floor when contracts for big works were awarded. The German flag spread to a wide network of colonies. Japan emulated her in her occupation of Korea, Shantung and Manchuria. Finally you have the parallel between the rule of the militaristic cliques answerable in each case only to the All Highest himself.

Even in the matter of royal participation in big business, Japan took a leaf out of the old German book. The last of the Kaisers was a large shareholder in nearly every outstanding German concern, whether steamship line, potash trust or electrical-machinery combine. In Japan the practice of royal investment in companies was inaugurated by the Emperor Meiji, grandfather of the present ruler, who was a shrewd-and far-seeing person. He acquired an immense tract of land in the heart of Tokio, and it has risen immensely in value. The original Imperial Hotel stood on a part of it. The imperial household supplied practically all the funds for the new hostelry of the same name, erected near the old site. The royal family is also interested in the Mitsubishi Company and in various large spinning factories.

Taking Germany's Place in China

Japan's chronology of conquest since 1905 shows how aptly she followed the prewar Teuton precedent. The first important milestone was Korea. As you have seen, Japan first made her an "independent" state and then annexed her. The economic moral is apparent. Before the Japanese annexation of Korea, our banks and export houses did a considerable business there. The same was true of the British and Germans, with particular reference to cotton textiles. Today practically all foreigners are out of the Korean commercial picture. Of Korea's imports, more than 75 per cent come from Japan, while 80 per cent of her exports are shipped to Japan. With the assimilation of Korea, Japan's commercial maxim became "profit through control."

The next step in the drama of expansion was marked by a unique succession. In 1897, two German missionaries were murdered in the prefecture of Tsao-chow Fu in Shantung, China's holy province because Confucius was born there. The Germans, long eager to break into China, seized Kiao-chau Bay as reparation and held it until the procedure was legalized at Peking the following year. With the outbreak of the World War, Germany was expelled from Asia. Japan, her acolyte, took her place in Shantung. Almost coincident with this step were the Twenty-one Demands, which jeopardized the open-door policy and widened the Japanese grip on various parts of China.

Up to the Shantung occupation, Japan's aggression had rested entirely on Chinese soil. Now Russian territory came into her acquisitive ken. In the hope that Siberia would develop into a weak state, where she could obtain special commercial privileges, she first intrenched herself through peaceful methods in Vadivostok. Subsequently, following a massacre of Japanese soldiers and citizens at Nikolaievsk, she seized the northern section of the island of Saghalin—she got the southern half under the Portsmouth Treaty—and overran a considerable portion of Eastern Siberia. It gave her the key to the vast valley of the Amur with its rich store of fur and grain.

The Anglo-Japanese Treaty, aimed at Russia, had previously given Japan a front seat in the grand stand of powers. She was all set to sit in the big world game.

Manchuria Gets a Divorce

There is no doubt that Japanese economic and political imperialism provoked the Washington Conference of 1921-22. Now began the continuous serial of passing the buck, whether with debts or disarmament, to Uncle Sam, which has kept up ever since via international debating societies masquerading as international conferences. This, however, is not to the present point.

What does concern us is that, as a result of the Washington gathering, Japan had a temporary change of imperialistic heart. Among other things, she withdrew her troops from Siberia and restored the Shantung interests to China. The Anglo-Japanese Alliance was dissolved. Soviet Russia reasserted her control over the Chinese Eastern Railway, a branch of the Trans-Siberian route upon which the Japanese had tried to fasten.

But Japanese acquiescence does not always acquiesce. Nor does Japanese business retirement coincide with military withdrawal. Japan's commercial infiltration continued in Shantung and Siberia. The sphere of influence in Manchuria was enlarged. Within a few years economic and political aggression once more reared its head, due largely to the empire's hazardous commercial plight.

Financially, Japan had thrived mightily during the World War. With the earthquake of 1923 she received a disastrous setback. Her balance of trade, always a precarious quantity, began to show on the adverse side more and more.

Between 1922 and 1927 Japan's attitude toward China was more or less conciliatory. Business troubles at home tempered foreign policy. With the advent of Baron Tanaka as premier in 1927, the strong arm reasserted itself through what is known as the "positive policy." It is enunciated in the so-called Tanaka Memorial, which fostered the events in Manchuria and Shanghai.

To anyone who is familiar with Japan's formula of force, the conflict in Manchuria presents no puzzle. The conservation of her economic interests in that area has become the vital aspect of Japanese foreign policy. Overt acts, which have a strange facility of coinciding with Tokio's external aspirations, played into her hands to bring about the means to a much-desired end. This end is complete control of Manchuria.

On the night of September eighteenth of last year an explosion occurred on the tracks of the main line of the South Manchuria Railway not far from Mukden. Soon after, an armed clash developed between Chinese and Japanese troops near this point. Before morning, Japanese military forces had occupied the Chinese city of Mukden and had disarmed or dispersed the Chinese troops in and about the city. Within twenty-four hours the Japanese completed a military occupation of all the important cities along, or adjacent to, the South Manchuria system.

Marshal Chang Hsueh-liang, who had succeeded his father, Chang Tso-lin—that picturesque Oriental cross between Captain Kidd and Machiavelli—as war lord of Manchuria, fled with his army to Chin-chow. Although an unfortified city, this place was bombed, with loss of civilian life, by the Japanese, who now entered upon a major campaign to subjugate Manchuria. Troops were poured in. By the end of the year the last vestige of Chinese administrative authority had been destroyed.

Once in complete military control, Japan cast about for the best means of effecting a political domination that would consolidate her economic position. Korea offered a precedent. So Manchuria was arbitrarily divorced from the rest of China—it was done with the lightning speed of a bolshevik matrimonial severance—and set up as an independent state, nominally a republic, henceforth to be known as Manchoukuo, which means Land of the Manchus.

Although the stage for the farce of inauguration last March was Chinese-set and with an all-Chinese cast, the wires were pulled by Japanese. They dragged the one-time boy emperor of China, Pu-yi—he has lately added the prefix of Henry to his name—out of obscurity and established him as chief executive with the imposing title of dictator. At the age of three he had sat on the glamorous Dragon Throne at Peking. Now, at twenty-six, he finds himself on a seat that will probably be no less uneasy.

The Long Hand of Coincidence

It was more than a coincidence that during the fighting in Manchuria he was given shelter in the Japanese concession at Tientsin and subsequently in the Japanese port of Dairen. It was also more than a coincidence that the flag of the new Manchurian State should combine the five-barred insignia of the old Manchu dynasty and the Rising Sun of the Japanese empire. Although the Chinese General Ma, whose comic-opera name became known in the last Manchurian campaign, presided as grand chamberlain over the Henry Pu-yi accession, it was Count Uchida, president of the South Manchuria Railroad, who figuratively pronounced the benediction, and who immediately got a contract to build the government buildings at Changchun, the new Japan-selected Manchurian capital, which, by still another coincidence, happens to be located on the South Manchuria Railway.

With the Henry Pu-yi maneuver Japan finds herself more firmly installed in Manchuria than ever before. An area about equal to that of Texas and New Mexico, with a treasure house of raw materials, is now directly under her hand. Politically, it gives Japan a reenforced strategic bulwark against Russia on the north. Russia is inevitably a factor that she must reckon with. The new government will do Japan's bidding because it owes its existence to her. Attached to every Chinese official from the dictator down is a Japanese adviser whose duty it is to see that Japan's policy remains paramount.

Non-recognition of the new Manchurian state by the great powers—and none has accepted it up to this writing—will not distract the Japanese economic ambition. As an American business man intimately familiar with the Far East said to me:

"Japan will now welcome new foreign capital and encourage alien commercial enterprise in Manchuria. She will say that the door is wide open. The alleged open door, however, will be a joke, because through pressure at court, so to speak, Japan will be able to enforce tariffs favoring her nationals. Her complete domination will also influence contracts and concessions in her direction."

Japan might have got away with the Manchuria proposition, for the time at least. Whatever her motives, she stood for order in a bandit-ridden country. All along she has said to the world, in substance: "It is a case of bandits or Japan." She did not count, however, upon the repercussion throughout the rest of China in the shape of a revival of the boycott idea, which dealt a new blow at her battered trade. This, in the last analysis, largely led to the Shanghai mistake. Instead of passive resistance, she encountered armed rebuff. To save her face, as the Eastern expression goes, she felt compelled to see it through.

The Shanghai attack, by the way, produced a new conundrum, which goes like this: "When is a war not a war?" The answer being: "When Japan conducts it." Despite thousands of casualties and property damage estimated by the Shanghai municipal authorities at $350,000,000, the Japanese persistently asserted throughout the fighting that "no war exists"!

"Made in Sweden"

For the final phase I have reserved the aspect of Japanese policy which touches us most. Again you have the smoke screen, whose function, figuratively speaking, is this time to obscure a vast amount of commercial piracy. In prewar days the Germans were regarded as the greatest of all substituters of merchandise. Japan has followed their lead with a flood of products cleverly named and packed to resemble our nationally and internationally advertised goods. So far as externals go, they easily pass for the real thing. Once in use, the deception becomes obvious. The products include automobile spare parts and accessories, proprietary articles, merchanical novelties, bicycles and tools.

A characteristic comment upon the Japanese method was made for me by an American exporter to the Far East in this wise: "Whenever we get the chance to book an order in Japan, we sell all the goods that the traffic will bear and then kiss the product good-by, knowing full well that before long it will be imitated and sold throughout the Oriental market. When the Japanese do not use the original American name, they transpose it, or change a single letter, which gives them an alibi in case of an infringement suit."

61-064

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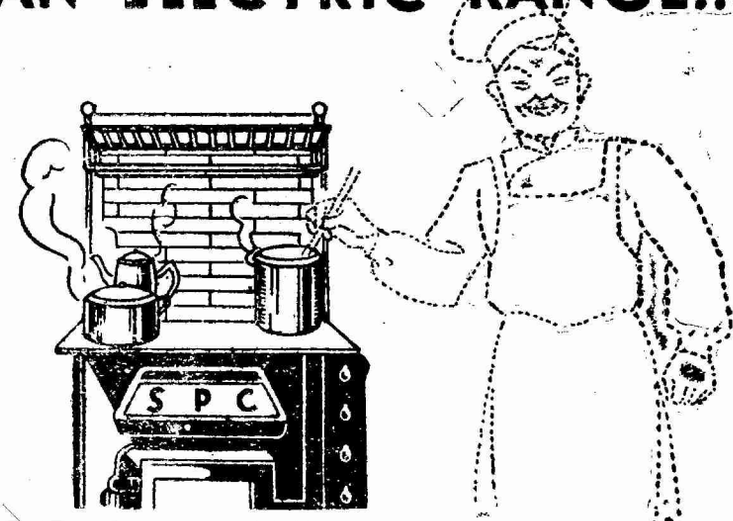

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One of the most ingenious examples of Japanese business substitution dealt with the match. Before the late Ivar Kreuger consolidated the world match business, the Japanese did a big export match business in India, which brought them into direct competition with Swedish firms. In order to complete their penetration they set up a community in Japan, called it Sweden, made matches there, and then blithely printed "Make in Sweden" on their match-box labels.

If the Open Door Is Closed

You need no diagram to point out the effect of this procedure on our Oriental trade. In the first eight years after the World War we quadrupled our business throughout the entire Far East, with Japan and China, in this order, as the principal customers. With the world slump, our exports declined in every Asiatic area except China. The preservation of Chinese territorial integrity and the maintenance of the open door, therefore, became matters of importance to us. Japan's action in Manchuria jeopardizes both.

Of the $250,000,000 of Yankee money employed in China, one-fifth is in missionary and philanthropic projects. Our direct business investment aggregates $155,000,000. We have approximately $45,000,000 in Chinese governmental securities and obligations of the Chinese Government, which are all in default. This means that they may be dismissed from the picture.

Compared with Japan's investment of $1,153,000,000—it includes the capital in Manchuria—and the British total of $1,266,000,000, our interests, as figures go, are small. But, as I have already indicated, they have a bigger significance than the amount would indicate. Unlike the loans which drew the dollars in other directions, they contribute to the stability of our overseas trade effort.

Since raw cotton constitutes our largest item of export to China, the fleecy fields of Oklahoma, Texas and Arkansas are linked with thousands of Chinese looms. Second in value and importance are petroleum and its products, which not only represent the employment of more than $40,000,000 but have established a unique human-interest contact as well. American oil has performed nearly every kind of service in China except to soothe the chronically disturbed political waters. The oil container, emptied of its original contents, performs a myriad services. By actual count, these tin cans are converted into one hundred different uses, ranging from cradles and cooking utensils to lamps and materials for houses.

The Chinese expression for Standard Oil, *"Mei Foo,"* which literally means "beautiful confidence," is perhaps the most widely used foreign expression in China. Tourists acquire it directly they land and employ it the moment they are up against some complication. When Miss Aldrich, the sister-in-law of John D. Rockefeller, Jr., was captured by bandits some years ago, she began to shout *"Mei Foo."* This outcry at once gave her special consideration. The sequel was not so good, because it exacted a larger ransom than that obtained from any of her companions in misfortune.

With raw cotton, petroleum and tobacco and its products, which rank third in our exports to China, we have not encountered Japanese competition to any appreciable extent. In the case of other commodities, such as lumber, machinery, electrical apparatus and dyestuffs, which we sell in considerable quantities, Japan is a strong contender, employing her usual penetrative methods.

Shanghai is not only the industrial and commercial capital—40 per cent of the entire China trade passes across her wharves—but also the American stronghold. Not less than 65 per cent of our business investment centers there. The city shelters 4,000 Americans and 400 American firms. Of our $100,000,000 investment in Shanghai, 32 per cent is in export and import facilities, 23 per cent in public utilities, including the telephone service, 17 per cent in banking and finance, and the rest largely in manufactures. Twenty-eight American firms own factories in or about Shanghai. Under the so-called China Trade Act, our nationals resident in China obtain a degree of exemption from income tax on their Chinese business. The precedent for this was established by Britain. American company capitalization under the China Trade Act reaches $30,000,000.

When the Japanese began to hurl their shells into Shanghai last January, they did more than destroy Chapei. They threw a monkey wrench into the machinery of trade as well. Seventy-five per cent of all the cargoes destined for Shanghai had to be placed in bonded warehouses and kept under guard. American firms not possessing warehouse facilities were compelled to see their consignments move on to Hong-Kong or Manila.

Perhaps the real deduction from the events I have chronicled does not rest in conjecture as to whether Japan will seek further dismemberment of China, which began anew with Manchuria; whether her ambition will lead her to war with Russia; whether she will pay the penalty for costly and arbitrary external expansion in the shape of internal bankruptcy or revolution. These are among the possible consequences of her reborn aggression.

Rather does the lesson for us seem to lie in a reaffirmation of the policy of self-containment, which conditions across the Atlantic have helped to crystallize. Fundamentally the Sino-Japanese conflict is a replica, plus armed force, of the nationalistic bicker, selfishness and disregard of international obligations which are to the fore in Europe.

China may indeed be the "great market of the future." As a matter of cynical fact, all areas are future great markets in this dark hour of almost no markets.

When all is said and done, however, the larger future formula for our economic self-preservation fits into a sphere closer home—in this new world, where the Monroe Doctrine sets up the hands-off warning against the type of political intrusion which works such havoc farther afield. Here lies our real trade destiny.

Meanwhile Japan, as her policy in China shows, stands with her back turned toward the West. She has shown that her occidentalization is simply a covering to hide the feudal fist. Manchuria has again become the Balkans of the East.

KUANGTUNG-KWANGSI WAR THREAT PERSISTS

(Continued from page 50)

of this picketing corps' chief was made following the strongest agitation made by the student and labor organisations. The prisoner admitted guilt and was sentenced to death. His execution, which took place recently, has brought the greatest satisfaction to the patriots in this part of China and has resulted in a more vigilant enforcement of the boycott movement. The public organisations have now taken a hand in the direct administration of the Boycott Society to see that no similar corruption will happen again.

Simultaneously the Canton student bodies have discovered another clever means of smuggling Japanese goods into Canton and other flourishing cities in Kuangtung where the merchants have cunningly made use of the parcel distribution by the post offices to import Japanese goods. Several instances of such smuggling methods have been discovered which led to the confiscation in Canton and Fatshan of a considerable quantity of Japanese silk which was found imported into Kuangtung in postal parcels.

Postal Officials Dismissed as Aftermath of Recent Strike

Wu Te-cheng, Mayor of Greater Shanghai, has been appointed Chairman of the Commission for the Study of the Postal Economic System. The members of the Commission appointed by the Executive Yuan at its last meeting were Messrs. Wu Te-cheng, Chen Kung-po, Lin Shih, Huang Nai-shu, Yang Chien-ping, Yu Ya-ching, Wang Hsiao-lia, Shih Diang-tsai, Lin Kang-hou, Chang Kia-ngau, Tu Yueh-sheng, and Pan Kung-chan.

In the meantime an official mandate from Nanking orders the dismissal of Lung Ta-fu, director of the postal department of the Ministry of Communications, and Chien Chu-chi, director-general of the postal administration. Messrs. Lin Shih and Huang Lai-shu, respectively, have been appointed to succeed them. The resignation of Liu Shu-fan from his post as director of the Postal Savings Bank has been accepted. Yang Chien-pin has been appointed to succeed him.

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Northern Volunteers on the Shanghai Front

BY SHEN HSUE-CHUAN (沈學傳)

WHEN the Sino-Japanese conflict at Shanghai was in full swing, Feng Yung (馮庸), the president of Feng Yung University, started to organize a Volunteer Corps, comprised of his own students, both male and female who were sent south to participate in the war at Shanghai. Recently, he and his Volunteer Corps came back to Peiping, and gave an account at Northeastern University of what he had seen and learned at Shanghai. The gist of Mr. Feng's remarks was at follows:

At Chen-yu Mr. Yung was asked by General Chiang Kwang-nai concerning Marshal Chang Hsueh-liang's non-resistance policy toward the Mukden incident of Sept. 18. Mr. Feng replied that he was not the representative of Marshal Chang and it was impossible for him to explain this point. He was also asked by General Tsai Ting-kai, Commander-in-chief of 19th Route Army, why he came to Shanghai instead of assuming his proper responsibility in Manchuria. Mr. Feng replied that the national emergency problem should not be divided. The responsibility of the Shanghai Incident rested on all Chinese, and therefore the Manchurian Incident was not a problem merely for residents of the Northeastern provinces.

Chinese Do Not Work in Concert

The valor of the 19th Route Army had engaged the world's attention and their patriotism aroused a nation-wide eulogy. But their motive for fighting against Japan was debated much longer. When the incident of Sept. 18 occurred all the generals at Shanghai vigorously accused the Northeastern authorities of adopting a non-resistant policy. When the Shanghai Incident occurred the Chinese merchants at Shanghai asked the 19th Route Army to protect them. Therefore, in order to show their disapproval of the Northeastern Non-resistant policy, the 19th Route Army began to arm against the Japanese invaders in Shanghai. As for the delay of Japan in seizing Shanghai this was to be ascribed to her tactics. She had adopted "driving hen" tactics. Had she adopted complete tactics and surrounded the Chinese troops she might have captured Nanking and the whole province of Kiangsu. The retreat of March 1 of the 19th Route Army was to be ascribed to a most important figure of the Government. He was jealous of the reputation of 19th Route Army's brave resistance against the Japanese invasion. The more bravely the 19th Route Army fought against Japan, the more jealous of them he became. He was much susprised at the increasing popularity of the 19th Route Army and also much afraid that the people would only consider the brave fighters Tsai Ting-kai and Chiang Kwang-nai and overlook him, a very influential and powerful figure in the Government. He felt quite uneasy that their reputation would overshadow his. Therefore in order to undermine their reputation he adopted an indifferent attitude to their eager request for reinforcements. If the reinforcements had been sent as requested there would not have been the complete retreat of March 1. The retreat of Chinese troops and the capture of Shanghai by Japanese troops occurred at the very time when the League of Nations would offer help to China. Nevertheless the reinforcements were rather belatedly dispatched just at the time of the full retreat of the front army. It was mysterious that the reinforcements on the way to Shanghai had to take a day-long rest for every hundred li of a train journey. In short, the Government could not but be responsible for the retreat of March 1.

During the Shanghai conflict the Chinese newspapers used to make such reports as "the Japanese troops are defeated and retreat, and many ten thousands are killed." In reality, only four thousand odd Japanese soldiers and fifteen Japanese airmen were killed and four Japanese airplanes were shot down, while the deaths of Chinese soldiers, according to the announcement of the Military Department were about nineteen thousand. It was the weapons, not valor, which made the difference. The 19th Route Army had no heavy artillery and therefore could not bombard at long range. The Chinese soldiers had to hide themselves without countering in the trenches and await a face-to-face struggle with bayonets when their enemies advanced at close range.

There were two bad points about the 19th Route Army which should not be overlooked. Firstly, that army was ever fond of fabricating rumors. When they began the retreat on March 1, they purposely dispatched a circular telegram which stated: "We have adopted a sham retreat to allure the enemy and after a counter-attack they will be all entirely destroyed, Japanese General Shirakawa will be killed and Chapei will be recovered." As soon as that news was heard nation-wide congratulations took place. Especially in Nanking the people hung lanterns and made chaplets to celebrate the victory. But, later on, the real fact was disclosed and then the 19th Route Army were forced to proclaim the real story of the whole retreat of March 1. Secondly, the 19th Route Army had a deep sense of dissension. In the time of the Shanghai war the Chinese army included two bodies. One was the Central fifth army belonging to General Chiang Kai-shek, while the other was the 19th Route Army made of pure Cantonese. The 19th Route Army strongly looked down upon the Central Fifth Army. Superficially, those two armies seemed to have the same purpose, namely to fight against Japan, but, in reality, they did not cooperate and help each other, thus taking advantage of that weak point of the Chinese. Furthermore, the 19th Route Army used to circulate telegrams referring to "the incapability of the Fifth Army resisting against Japanese troops." That was the cause for the Fifth Army being blamed by the people. In reality, the 19th Route Army was the right wing in defending Nan-hsiang (南翔), etc., while the Fifth Army was the left wing in defending a district beginning from Yang-ling-ko (楊淩口) to Lich-kia-hong (劉家行) along the Yangtsze River, in connection with Woosung. Due to the longer line of battle the Fifth Army suffered a serious attack both from the Japanese troops and from Japanese marines. After the war there were only one thousand odd left of the Fifth Army. Not understanding the huge sacrifice they offered, they did not win appreciation from the people.

Another aspect which had shown an unprecedented spirit in China's more than four thousand years' history was the feverish pitch of the feeling of the Southern people shown towards the 19th Route Army. Almost all the Southern people were encouraged and excited by the valor of the 19th Route Army in fighting against the Japanese in Shanghai. In the full swing of the war the people rose up to help the Chinese fighters at the front. Some went to the front as actual fighters and some dug trenches and transported provisions and ammunitions in the rear. Some went to the front and did hospital work and most of the people who stayed at home worked busily to supply the needs of the fighters at the front. The women at home made the waistcoasts for the brave fighters at the front. The college students in South China also constituted a Military Correspondent Corps to work at the front.

But when we turn our eyes to North China, we find that the youth in North China in the time of the Shanghai war, especially the youth of Peiping, mostly did nothing patriotic, insteading taking their sweethearts to loaf about at the markets or visit the parks. As for the boycott of Japanese goods, this was applied more thoroughly in the South than in the North.

Government Not Responsible for Manchurian Problem

Mr. Feng stated that once he had an interview with General Chiang Kai-shek and asked him whether he had any concrete method of solving the Manchurian problem as the Northeastern people suffered greatly because of the delicate situation of Manchuria. General Chiang's answer was that the Government would use "circuitous" diplomatic means to solve that problem, but the Northeastern people should first consolidate and assume responsibility for that problem and then the Government would be sure to help them. Mr. Feng was much surprised at General Chiang's statement and eventually General Chiang added that the Government would certainly resist Japan to the last and as for the method of solving the Manchurian problem Mr. Feng might consult with Marshal Chang Hsueh-liang, the Director of Pacification Headquarters of Peiping.

There was an important person of the Government who told Mr. Feng that at present the Kuomintang had fallen in evil times. In order to re-adjust the Kuomintang, in his opinion the qualification of members should be strictly restricted by registering again and also the Government should also be reorganised. One of the important personages at Nanking told Mr. Feng that without sacrificing the Northeast, China could not be saved, while another claimed that diplomacy had no relation with the quantity of territory. Mr. Feng was much dumbfounded at their statements, as this certainly showed that the Government had no close relations with the Northeast. In line with the foregoing two statements, if Soviet Russia took the Northwest, Britain the Southeast, and France the Southwest, the Government would say that without sacrificing the Northwest, the Southeast, and Southwest, China could not be saved.

At present the administrative power of the Government was still manipulated by General Chiang, while

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Wang Ching-wei remained a figure head. In view of the present situation of China, civil war would soon be waged. The Cantonese government had bought a large quantity of ammunition, presumably for use against Japan, but which was expected to be used for civil war.

After discussing the political parties, Mr. Feng said the Manchurian Problem had humiliated China; it also had vital relations to world problems. Certainly Manchuria was a match and, dropped carelessly, this could set the whole world on fire. But, at the present time, what attitude should we adopt toward the Manchurian problem? Should we rely upon the League of Nations? Experience told us that this was hopeless. Should we depend on our Government? The Government authorities had already shown their irresponsibility. Should we rely on the Northeastern volunteer corps or Military corps? With the exception of Heilungkiang province most of them had not received any training and had not a good organization. Certainly, they were mobs who rather disturbed the people and would not be able to help in defeating the well-organized Japanese troops. Besides, there was a number of men who had enrolled under the banner of the Volunteer Corps to "graft popularity." But how was the Manchurian problem to be settled? It was only the Northeasterners who were greatly concerned about the Northeastern Problem. It was like only the Northeasterners who could solve the Northeastern Problem. The Government might overlook the Northeast, and the important persons of the Government might make the Northeast a scapegoat for their political or diplomatic policies; but we, the Northeasterners, could not give up the Northeast. In short, the responsibility and destiny of Manchuria would hinge upon our own efforts.

Peiping, May 25, 1932.

Dr. Willard Lyon Speaks on the Business Side of Missions

Dr. Willard Lyon, who has for many years taken an active part in the development of Y.M.C.A. work in China. addressed the Shanghai Rotary Club June 2 on "Business Men Study Missions." American missions, he said, own G$70,000,00 of property in China and expend G$10,000,000 annually. It is understood that Dr. Lyon will shortly retire from China permanently.

Bank of China Issues Report in Brochure Form

The Bank of China, of which Chang Kia-ngau is the general manager, has issued in brochure form the report made by Mr. Chang at the annual meeting of shareholders March 19 and also the balance sheet for the year ending December 31, 1931. The net profit for the year was $1,837,427,44; a dividend of seven percent was declared. Mr. Chang made a masterful report on business conditions not only in China, but throughout the world. In concluding his report, Mr. Chang said: "We in China must give up old and obsolete ideas. We must put aside jealousies, suspicion and self-complacency, and abandon the habit of words in favor of action. Then, internal conditions will improve, domestic warfare will be avoided, and the change in the thoughts and actions of our people toward those of other nations will result in a greater measure of international co-operation. Misunderstanding between China and the other Powers will then disappear, and we shall be able to lend a hand in establishing peace not only in the Far East but throughout the world. There must, I venture to say, be a widespread change of human outlook before world prosperity can be restored."

Cholera and Bubonic Plague

Five cases of cholera were reported at Nanking June 5. The early outbreak of this disease, which usually occurs in other years at the end of the summer, is causing serious concern to the medical authorities.

As a result of the cholera outbreak in Shanghai, several Japanese vessels have already felt the pressure of quarantine regulations. Because of a case of cholera among the Japanese passengers, the *Shanghai Maru* was held at Kobe outside the harbor for five days. The entire Japanese community in Shanghai is being inoculated against cholera.

Something like 200 cases of cholera have been treated so far this year at the Isolation Hospital in Tibet Road, Shanghai.

Bubonic plague broke out in Wuhu last week. nI order to check the spread of the disease, Dr. J. Heng Liu, Director of the Public Health Administration of the Ministry of Interior, has despatched a number of doctors to that city for the establishment of special stations for free inoculations.

To Prevent Floods, Improve Drainage System

BY D. F. MIAO

OF all the problems that China is now confronting, the most urgent and vital one, in so far as its direct effect upon the livelihood of the people is concerned, is the need of improving her drainage system. No matter how soon or how far China is to be industralized, her present economic foundation rests upon agriculture, as about eighty per cent. of her population live in the rural districts. Yet, despite her being pre-eminently a farming country, China has not developed her agriculture to its fullest extent. Though it has vast stretches of fertile plains and favorable climate fit for the cultivation of various staple crops, the country, owing to internecine wars and natural catastrophes of flood and drought, has to depend in recent years upon other countries for the importation of grains, particularly rice. The quantity of imported grains has increased year by year, while the country, if the above mentioned calamities could be averted, could yield an enormous amount of farm products, unsurpassed perhaps by any nation in the world. It would be deplorable if China should not avail herself of such promising possibilities, and let her great masses of peasants remain poor and her economic conditions turn from bad to worse.

The most serious drawback upon agricultural development is the prevalence of floods. To cite an instance we may mention the great deluge of last year which was unprecedentedly disastrous. Millions and millions of acres of golden grains were immersed, and thousands and thousands of people were made homeless or starved. Though active measures have been taken to relieve those famine-stricken people, the damage is beyond calculation. The fundamental remedy to rid China of such a formidable threat lies in the improvement of her drainage system. So long as the rivers and canals are not deepened and the improvement of drainage is not closely observed, floods will still occur in the future, perhaps even more frequently. In the course of time the river beds of China's waterways have become more and more shallow, as more and more silt has been washed down by wind, rain, and current and has settled at the bottom. This invisible accumulation, like the wearing out of one's health, will lead to disaster. Whenever rainfall is over-abundant, these rivers or lakes, which in ordinary times serve as water reservoirs, can not hold the huge volume of swelling waters and will naturally result in a flood, which is China's fatal wound.

The Yellow River Valley

The Yellow River, "China's sorrow," has during historical times been the chief scene of inundation. It has overflowed its banks hundreds of times and has changed its river course at least six times. A generation ago it emptied into the Yellow Sea 300 miles south of its present mouth. East of Men Tsin (孟津), Honan, the river suddenly drops in level and its silt, known as *loess*, gradually settles and fills up the river bed. This part of the river is the source of the ever-recurring floods in North China, and the Great Plain which the river has overflooded is inadequately drained and there is no definite channel which the river must take to the sea. The overflow, however, has caused more serious effect, as it has filled up some of the tributaries and canals connected with this part of the river. The P'ien river (汴河), east of Kaifeng (開封), Honan, which before the twelfth century drained the territory around, can no more be found. In Shantung, a part of the Grand Canal (運河), from Lin Tsin (臨清) to the Yellow River has been seriously affected and is not navigable at present. The part south of it is navigable only at high water.

The Hwai River (淮河), with its numerous tributaries, which drains the fertile region of Southeastern Honan and Northern Anhwei, has been also affected by the constant overflow of the Yellow River. In the beginning of the twelfth century, the fourth great shift of the river channel brought its flow into the Hwai River, and thus choked up the lower part of the river. Although connected with Hungtze Lake (洪澤湖), the Hwai River has no outlet to the sea; and the area it drains has the difficulty of getting rid of its surplus water, and in the rainy season is subject to inundation.

Another river valley in the North that has every possibility of agricultural development but is still frequently threatened by floods, is the Pei River (白河) district of Hopeh. Numerous rivers traverse this great plain, most of them converging on the Pei River. The whole system has but one principal outlet to the sea, the Ku River (沽河), which is so zigzag in its course that sand sediment can be easily deposited. In times of heavy rain the Pei River is unable to cope with the immense volume of water and serious floods occur in the neighborhood of Tientsin.

The Yangtze and Si Valleys

The danger of flood in the Yangtze and Si Valleys is not so serious as in the North, partly because the rivers of these basins, being not so rapid in their current, contain less silt than those of the North and partly because there are numerous tributaries and lakes that serve as natural dams to regulate the supply of water. Yet at the time when the southeastern monsoon brings too much rainfall, the inundation of lower lands near rivers and lakes is not infrequent, and sometimes more calamitous floods bring havoc to the people.

Besides the gradual accumulation of sediment that lessens the depth of the river beds, shallow land has also been accreted around the edge of the lakes. This new increment of land is exceedingly fertile, and large tracts have been reclaimed and turned into arable fields, generally known as *sha tien* or *hu tien* (沙田湖田), which can be found around the Tungting Lake (洞庭湖) at Hunan, the Poyang Lake (鄱陽湖) at Kiangsi and the Tai Hu Lake (太湖) at Kiangsu. This reclamation of land, started about three hundred years ago, has in course of time reduced the size of the lakes, and in case of heavy rainfall the overflow of lake vicinities is not uncommon.

On the Yangtze estuary, including Southern Kiangsu and Northern Chekiang, the district, intersected by numberless rivers, creeks, and canals, is well drained and intensively cultivated. But as the land forms the lowest part of the general slope of the country, the quantity of silt carried down by the river and gradually laying up new land and river beds must be very enormous, as can be shown by the fact that the coastline is rapidly gaining on the ocean and that the island of Tsungming (崇明) at the mouth of the Yangtze has been laid down during historical time. Rivers and canals in this part of China, though so numerous as to form a network have become very shallow as a result of accumulation of silt and erosion of river banks by current and rain. The most urgent need of such waterways, therefore, is the deepening of river beds so as to make them hold more water in the rainy season and not easily dry up in drought.

The Si or West River in South China has likewise been threatened by inundation, though far less frequently than any other river valley. The district that easily suffers from flood is the Canton Delta or the Pearl River (珠江), at the converging point of the West, the North, and the East Rivers (西江, 北江, 東江). The numerous channels by which the West River enters the sea are gradually being filled up by silt deposits, and in many places, as alluvial land has been accumulated, are very much narrowed. The deepening of the main channels will afford the West River a freer access to the sea and give Canton greater advantages as a port.

Urgent Need of Improvement

From what has been briefly outlined above, we can see that the work of improving the drainage system should no longer be delayed. Nature's destructive process is going on all the time; men must use their efforts in engineering and conservancy works so as to make the rivers a source of wealth instead of a threat of ruin. In China works of such nature have been started and carried on in many places, but due to the dearth of finances and the lack of experts, very little has been accomplished. Now, as the economic future of China (however inevitably she will become industrialized) must lie in her success of agriculture, and the future of her agriculture depends largely upon her conquest over nature, large sums of money should be appropriated for the use of improving her drainage system. Experts should be employed to plan the different engineering works to be done in different districts. It will be of greater advantage and efficiency if the enterprise is carried out through the co-operation

of the government and the people. Closely connected with that problem is that of re-afforestation. The mountains of China Proper, being denuded of timber, can not hold the rushing volume of water in the rainy season, which pours down the mountain slopes in rapid torrents, and thus overflows the great plains below. In order to avoid the occurrence of floods, these two enterprises—improvement of drainage and re-afforestation—should be carried on at the same time.

In conclusion, let us mention another advantage in connection with the improvement of the drainage system so that we can see more clearly why the need of a solution to this problem is most insistent. In China at present transportation by water is more important than by roads and railways; the rivers are the chief arteries of trade routes. If the principal waterways that have been mentioned above can all be made navigable, agricultural development will be quickened, as farm products can be easily transported from one place to another and from the central provinces to the sea-ports. A great many cities that are now inactive will flourish, and if, along with the improvement of drainage, more railroads are laid, they will become throbbing cities like Chicago, St. Louis, or Minneapolis.

Soochow University, Soochow, May 27, 1932.

League Commission Returns from Manchuria—Will Visit Japan

Although there have been guarded denials of any such move, there have been persistent reports during the week from many quarters that the League Commission of Enquiry on Manchuria intends to submit some sort of mandate plan for the government of that part of the world when it makes its final report to Geneva. Three different plans are being discussed, the most audacious being that the mandate body would include the United States, Great Britain, Japan and France, and that it would function under the chairmanship of Marshal Chang Hsueh-liang. A less striking form of the mandate, which it is stated is also being considered, would leave Chang Hsueh-liang out of the picture. A third possible solution, which it is stated the League Commission is studying, would be a League Mandate with Japan and China serving on the governing body.

The League Commission arrived back in Peiping by a special train on the evening of June 5. Marshal Chang Hsueh-liang and a large gathering of prominent Chinese and foreigners welcomed the members at the railway station. En route from Mukden the Commission had stopped at Chinchow and Shanhaikwan to listen to the respective Japanese and Chinese versions of the dispute. Lord Lytton and other members of the Commission made a brief visit to Tsingtao during the week. The Commission is due to proceed to Japan in a week or so and then return to China to compile its final report.

Dr. Wellington Koo, the Chinese Assessor to the Commission, continues to be very much in the limelight. As mentioned above the Commission intends to visit Japan in the near future and this naturally has raised the point of whether the Japanese government would look favorably upon the idea of Dr. Koo accompanying the Commission. The Japanese point of view is tinged with the idea that if Dr. Koo will confine himself to Manchurian matters and not start an investigation of conditions in Japan he may be allowed to proceed. For the moment the matter is undecided. Interviewed at Peitaiho June 5 Dr. Koo, declared that his recent tour in Manchuria had left on him an indelible impression of the intolerable and dire plight of the 30,000,000 Chinese population in Manchuria. The Japanese police and secret agents keep a vigilant watch over the movements of the Chinese inhabitants and as Dr. Koo travelled through various parts of Manchuria, a number of people were desirous of acquainting him with their sufferings, but few actually ventured to do so as they were invariably arrested a day or two after such interviews. On his part, he was also unable to secure any direct interview with his own friends in Manchuria owing to the severe restrictions imposed. Dr. Koo declared that the 30 million Chinese in Manchuria are writhing under the oppression of the Japanese and their puppet agents and are daily praying for succor and deliverance by the Chinese Government.

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61-071

Shanghai's Kidnapping Menace

BY PAUL K. WHANG (汪仲芳)

THE tragic death of Colonel and Mrs. Lindbergh's eighteen months old son, whose body was discovered on May 12 after being kidnapped for two and one-half months, was mourned by the people over all the world, and particularly so by the Chinese who have still kept afresh in their memory the valuable service rendered by the world-famous aviator in helping the Chinese government to make a survey of the flooded areas while he and his popular wife were here last fall. When the news of the Lindbergh kidnapping was broadcasted to the world on March 1, China, in spite of her distress in fighting a life and death struggle against a foreign enemy at that time, lost no time to send her sympathy to the grief-stricken parents, and was grieved over the fact that such world-known personages who have particularly held high esteem in the American public, could not yet escape the attention of the underworld. Later she was amazed at the inefficiency of the American police force which could not find any clue leading to the recovery of the baby after several weeks of nation-wide search. Finally she was shocked at reading the news of the discovery of the dead body in spite of the previous reports telling of the payment of ransom money and the promise of the kidnappers to return the baby. The whole episode is indeed an "American tragedy," which will be taken to heart by fathers and mothers who have their children under their care, and especially by those who are living in the cities where kidnapping is a daily occurrence. Aside from the tragic aspect of the affair, the development of the case has offered us many unique and interesting incidents. We have been told that a notorious gang leader behind the bars volunteered his service to recover the kidnapped baby, that two leaders of the underworld were engaged to locate the whereabouts of the kidnappers, that a ransom of G$50,000 was paid and the safety of the kidnappers was guaranteed by Col. Lindbergh if the baby was returned, that the newspapers in America in deference to the wish of the Lindbergh family voluntarily restricted their news reports on the case so as to facilitate the task of recovering the lost baby, and that a "millionaire" ship-builder together with a pastor and a general acting as "go-betweens" supplied nothing but false clues. The whole thing is as tragic as interesting, but so far it remains to be an enigma which is yet to be solved.

From the Lindbergh case, we incidentally learn a truism that we can not treat kidnappers as human beings. If we, instead of disclosing the whole case to the police, choose to keep it completely in secrecy thereby facilitating negotiations with the kidnappers, we only play ourselves into their hands and whet their appetite for more ransom money. I, for one, do not believe that the American police is so inefficient that it can do nothing to unearth the case. The reason that the anxiety in recovering their lost child prompted the Lindbergh family to seek secret negotiations with the kidnappers will possibly explain the inefficiency of the police in face of the case on point.

Kidnapping in Shanghai

In reading the tragic news of the Lindbergh case, we can not help turning our thoughts to the conditions in this international city, which has been long harassed by the kidnapping menace. For years, Shanghai has become a haven of kidnappers, who have set up organized parties to blackmail rich Chinese residents. As a result, rich people have completely lost their freedom and have to engage armed bodyguards to accompany them wherever they go. But in spite of this precautionary measures, they have more often than not fallen into the hands of kidnappers. It might be recalled that at one time many rich Chinese contributed generally to the Shanghai Municipal Council for the purpose of recruiting a special force to cope with this menace. But the kidnapping menace has not been abated a whit. Take the past month for instance, three kidnapping cases were reported in the Chinese press. On May 4, Mr. Nien Yu-dong, an iron merchant and proprietor of the Kwang Yu Trading Co., 58 Kiangse Road, was kidnapped before his office, this being the second event of its kind; the first attempt about a year ago was not successful. On May 5, Ma Yi-shih, aged 12, a cripple, second son of Ma Chan-sen, proprietor of a curio shop, 76 Rue Brodie A. Clark was kidnapped while on his way together with two other children going to school in Mr. Ma's private car, the chauffeur of which was shot dead. Again, on May 27, Tung Chi-sun, the third son of Tung Chek-fu, the big stockholder of Yik Fong Enamelling Works was abducted before his office. Up to now we have heard nothing more about these victims whose families might have already effected their release by paying the prices. These are only three cases which have been published in the Chinese press, while many other cases, due to the silence kept by the families of the victims, have never been made known to the public. Thus the money extorted by the kidnappers must amount to a startling sum every year, and kidnapping has become one of the most lucrative "professions" within the boundaries of foreign administered areas.

It is a grave challenge to the Shanghai and French Municipal Councils for their inability to check the wave of kidnapping in their respective administered areas. The efficiency of the police in the International Settlement and French Concession is a matter which some of the local foreign newspapers have showered with a profusion of praise on countless occasions, but little if anything is said regarding their inefficiency. Shanghai may have reason to be proud of the police in the International Settlement and French Concession for their achievements in the past against immense difficulties. But their inability to free Shanghai of this terror is lending confidence to criminals of other types with the result that crime is increasing rather than subsiding. The "efficiency" of the police in the International Settlement and French Concession at the present time, however, apparently consists of regulating traffic and a few other minor duties.

The fact that Shanghai is administered by three different municipal governments has made the task of checking the kidnapping wave all the more difficult. Oftentimes a victim was carried off in one municipal area and was hidden in another municipal area. The non-cooperation among the municipal forces of three different areas has enabled the kidnappers to change frequently the hiding places of their victims from one municipality to another, thereby making the arrest of the culprits next to impossible.

Non-Cooperation with the Police

In order not to place all the blame on the inefficiency of the police, we must also acknowledge that the ever-readiness on the part of the families of the victims to pay the ransom money is also responsible for the present growth of the kidnapping menace. In nine cases out of ten, the relatives and friends of the victims would refuse the police help by keeping everything in secrecy, and seek some intermediaries to negotiate with the kidnappers for the price of their victims. But it must be noted that it is not because they are willing to pay the price, but because the human instinct impels them to submit to the kidnappers' demands so as to save the lives of their beloved ones. Thus upon this very human instinct the kidnappers rely to extort blood money from the distressed victims without having any fear of being brought before the law.

With this in view, we are able to say that any measure to cope with the kidnapping menace will be short of its purpose unless the police can secure the full cooperation from the people. Of course, the present imperfect police system must be improved together with the coordination of three different municipal police forces and the frequent census-taking so that the task of hunting down culprits will be facilitated. But to improve the efficiency of the police is only a part of the problem, and will not remedy the situation unless the victims can also do their part by refusing to pay any ransoms. To ask the victims not to pay the ransoms seems to be a hard-hearted proposition, especially in China where filial piety binds the sons to mortgage everything they have to redeem their fathers' lives. Likewise, the fathers would not be so hard-hearted as to leave their sons' fate in the hands of kidnappers as in the Lindbergh case. The family tie is so strong that even the most avaricious ones will not hesitate to part with their wealth in exchange for the lives of their dear ones. Thus in some countries, legislation has been en-

acted to make the payment of ransoms unlawful and subjected to the same sentence as would be meted out to the kidnappers. I have no mind to recommend the same legislation for our government, but I deem that only through legislation of a similar nature can we adequately check the kidnapping menace. As a matter of fact, the primary objective of the kidnappers is money, and if that objective is thwarted the kidnapping will die a natural death. On the other hand, if the incentive is not cut off, it will always tempt the kidnappers to pick up their victims, no matter how many bodyguards the latter provide for themselves.

In short, kidnapping itself ranks with the most despicable of all crimes, no matter whether it occurs in America or in China, or whether it is perpetrated on an international figure or on the common people. It is neither an American problem, nor a Chinese problem, but a problem of every human being. The kidnapping and murder of the Lindbergh baby, through its wide publicity, have struck terror into the heart of every human being in the world, and therefore will eventually marshal enough world opinion to seek preventive measures so as to make this world safe from the kidnapping menace.

Shanghai, June 6, 1932.

U. S. Government and Financiers Tackle Economic Crisis

Strenuous efforts are being made both by the Government and by financiers in the United States to bring a halt to the industrial chaos. J. P. Morgan and Co., on June 3 announced the formation of a great security investment corporation with the object of supporting the bond market. A sum of $100,000,000 was immediately subscribed.

A telegram from Washington June 3 stated that the United States is in favor of wide membership in a proposed world economic conference, which is to include Russia, the Argentine and Spain. Stabilization of silver will probably be among the topics discussed, in which case Mexico, Peru, China and other silver users will doubtless be represented.

The Ways and Means Committee of the House of Representatives has submitted a favorable report on the Garner Bill which provides for an appropriation of $2,300,000,000 for the relief of unemployment. President Hoover and Ogden Mills, Secretary of the Treasury, are both bitterly opposed to the measure.

House and Senate members of the conference committee, on June 2 accepted the high 1922 income tax rates contained in the Senate bill. These rates provide for a tax of 4 per cent. on the first G.$4,000 of annual income, and 8 per cent. for incomes over G.$4,000. Surtaxes are to begin with 1 per cent. on a G.$6,000 income and reach 55 per cent at incomes of G.$1,000,000 and upward.

Persistent efforts are being made to reintroduce a veteran's bonus till, which if passed would provide for the issuing of two thousand million dollars of unsecured currency, and inevitably cause depreciation of American money in international markets.

In the meantime both in Washington and New York investigations are being made as to the stock transactions of persons prominent in political life. The Seabury quiz in New York has revealed that Mayor Walker of New York made G.$300,000 in stock market pools in typs given by personal friends. A Senate investigating committee recently had before it John I. Raskob, Democratic party leader who, however, denied that he had "sold short," as he at all times held more stock than he contracted to sell.

New Revenue Bill Passed—President Hoover Signs

The Revenue Bill was passed by the Senate and signed by President Hoover June 6, becoming a law at once. An immediate favorable reaction was experienced in the financial centers of the United States and abroad, and Administration supporters forecast a final turning of the tide away from the current depresson.

Death Occurs at Vancouver of Melville Dollar

The death occurred at Vancouver, B. C., May 31 of Melville Dollar, eldest son of the late Robert Dollar. Death was due to a heart attack. Melville Dollar relinquished his interest in the Dollar Company in 1920 and has since resided in Vaucouver, where he became one of that city's leading business men. He organized the American Canadian Shipping Company and was one of the founders of the Merchants Exchange for which a building was erected. He was 54 years of age at the time of his death.

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61-073

"Limiting" Drug Manufacture

BY ELLEN LA MOTTE

(The Nation, April 13)

THE manufacture of drugs is so far in excess of medical needs that a hundred tons of such drugs as heroin, morphine, and the like have leaked into illicit channels during the past five years. From the international conference to limit the manufacture of dangerous drugs, held at Geneva last June, little emerged but a treaty so cumbersome and intricate that few can make head or tail of it. Some have pronounced it an improvement over existing treaties. No international agreement, however, can achieve anything if there is bad faith in the nations signing it. Fifty-six countries met at this conference, among them those whose factories feed the illicit trade—Great Britain, France, Holland, Germany, Switzerland, and Japan. Three of these—Great Britain, France, and Holland—do a big business in drugs in their colonies, selling opium to their Oriental subjects. Naturally, when governments frankly engage in this traffic, they rather wink at their own nationals doing the same thing in a private, less flagrant way. Once admit the principle that it is all right to make money from trade in habit-forming drugs and it hardly matters whether this is carried on through a licensed government shop or through an illicit dealer. Profits and damage are equally great. Moreover, the private individuals engaged in the traffic are frequently important and influential and able to exercise great pull "at home."

The story of the Geneva conference is revealing. From the outset it met heavy going. This huge drug manufacture was not to be disturbed, and the delegates from the manufacturing countries were there to see to it. The chief spokesman was the British delegate, Sir Malcolm Delevingne. His original intention had been to push through the "quota plan," under which each manufacturing country—except the United States—was to be allotted a quota, thus forming a cartel in restraint of trade. The inherent difficulty with this plan was that each manufacturing country wished to make the entire 100 per cent—no less. For three weeks the conference wrangled and fought over this quota plan, finding it impossible to divide the amount among the hungry manufacturers.

The American delegation was a silent witness to these interminable wranglings; we had nothing to suggest as an alternative, having arrived seemingly with but one idea—not to oppose the British. Finally it was the French and Japanese who proposed an alternative scheme, the United States meekly coming in and saying we would support it. At this point our delegation seemed to wake up and to offer some useful suggestions, sticking in little improvements which we were prepared to hold out for, even if it meant encountering British hostility. We encountered it all right, but thanks to the steadfastness of our second, third, and fourth delegates—H. J. Anslinger, Dr. Walter Treadway, and State Senator Young of California—we managed to stand pat. Our chief delegate, J. K. Caldwell, and two of his technical advisers seemed mainly intent on standing well with the British.

Codeine on a Par with Morphine

The one thing we stood out for was to have codeine "covered," that is, surrounded by the same restrictions and safeguards as morphine. At present codeine is transported as freely as salt, with no certificates required for export or import, no record of its comings and goings. It is a raw material from which more potent drugs can be made, and for years the drug ring has used it in carrying on its hidden trade. Indeed, there is some question of whether codeine is made at all—whether codeine labels are not simply stuck on bottles containing more dangerous drugs. At the first proposal to "cover" codeine the drug ring rose as a man. When this happens, a vital spot has been touched. The fight on this issue raged for days. Thanks to the tenacity of the American delegation, supported by a remarkable speech from Signor Cavazzoni, it was finally won. Even so, there are certain loopholes: the manufacture need only be reported once a year, instead of every three months as with morphine; its retail sales are unrestricted; preparations containing less than 2 per cent are sent off without certificates; and as contraband it need not be destroyed.

Another fight came over heroin, and again the drug ring, led by Delevingne as spokesman, presented a united, unyielding front. Heroin is the chief drug of addiction, and a committee of experts brought in a report saying that its social dangers far outweighed its medical value. In medicine, substitutes are available. The question before the conference was whether to abolish manufacture, as has been done in the United States. The Swiss put up an impassioned appeal, asking what would become of the thousands of consumptives in Swiss sanitariums if they were deprived of this vital drug. This plea would have carried more weight if in the next breath the Swiss spokesman had not admitted that the medical needs of these thousands amounted to only four pounds a year. The Egyptian delegate said heroin was smuggled into Egypt by the ton; he was in favor of any radical measures the conference might adopt. The upshot was an agreement to continue manufacture, but to export the drug only upon special certificates issued by governments, the importing government itself to receive the drug without the agency of any middleman. This special supervision for heroin is an advance.

The third battle was over seizures—should contraband be destroyed? What, exclaimed Delevingne, destroy these valuable drugs, worth millions of pounds or dollars? Never! In support rose the Japanese, Swiss, Dutch, Germans, French—*Never!* This fight went on for days, in committee and in plenary meetings. One began to realize what these seizures mean—the easy transportation of drugs from country to country without hampering restrictions—a gentlemen's agreement, by which one country tips another off, and "seizures" are made at prearranged points. In the Far East this inter-change is doubtless highly organized and efficient. For example: a couple of tons are seized at Hong Kong and brought to England. Four tons made in French factories in Turkey are seized at Marseilles. As the various delegates pleaded not to destroy seizures, one realized their immense importance, and began to understand something of the inner workings of the drug ring.

Twice it was decided that seizures should be destroyed—once in committee, and again in plenary session, at the first reading of the new convention. By a thin margin, nineteen to sixteen, the vote was in favor of destruction. It was interesting to see the British rally their cohorts—to see Egypt, where, admittedly, heroin was smuggled in by the ton, suddenly vote against destruction. But we lost this fight over contraband. Lost it through lack of support by the American delegation. The British introduced a resolution that seizures should be destroyed on condition that Turkey and Jugoslavia would promise not to manufacture drugs. At this critical moment, when everything depended on our stand, our delegate hesitated: "The American delegation is in favor of destroying contraband, for the sudden accession of a ton or half a ton of drugs is a danger....but....but....I will support the British proposal...." At that moment we lost the fight. Seeing America back down, the countries which had previously supported us were thrown into confusion and dismay. Delevingne then withdrew his proposal, and the vote was hastily taken upon another, by which "Drugs in Group I" (which excludes codeine) might either be destroyed, converted (into codeine), or used for medical purposes. This was carried twenty-three to eight. A few days later we heard what was back of this surrender. It was frankly admitted that a bargain had been struck by the drug ring to cover codeine in exchange for the non-destruction of contraband. A shameful bargain, and no feather in the cap of the League of Nations.

Hard on Legitimate Manufacturers

Incidentally, this is rather hard on the decent and honest manufacturer—this competition with illicit drugs. He arranges his purchase of raw material, calculating on the known medicinal needs of his country, and suddenly, overnight, finds his plans disrupted. A seizure of two tons of morphine may leave him with an equal amount on his hands, unsold. He is penalized for the sake of the illicit trade.

The ostensible object of the conference was to limit the manufacture of drugs. Whether this has been accomplished depends on what you mean by "limiting." The Empire State Building is also limited—to a main part, a tower, a mooring mast, and the possibility of a few Zeppelins attached thereto. By the new treaty manufacture is "limited" to what each country thinks it can get away with—to the "estimates" each one may make. These include:

1. Estimates for domestic needs. Estimates for conversion (into codeine). Plus 25 per cent extra—just in case.
2. Estimates for export. Plus 50 per cent extra—just in case.
3. To make all safe, manufacture may exceed these combined estimates by a 5 per cent increase, to make sure there is no shortage.
4. Stocks on hand, when the treaty goes into effect—if it ever does. These are government stocks—quantities unknown. One country is said to have enough heroin on hand to supply the world for 150 years.
5. Besides which, these government stocks may be increased by purchase, manufacture, imports, and seizures. This augmentation may be reported each year, but not the amount on hand, nor what becomes of it.

There are certain checks and balances. An excess in one year is to be deducted from manufacture next year. Quarterly statistics are to be submitted to the Permanent Central Board, which in turn submits them to a supervisory body which meets once a year. This consists of four people—a member of the Permanent Central Board, of the Opium Advisory Committee, of the Bureau of Hygiene in Paris, and of the Health Committee of the League of Nations. This body has no authority, save to examine the figures submitted. If any estimates appear too high, an explanation may be demanded from the country in question. If this is satisfactory, no more is heard of the matter. Statistics may be published—at discretion. Briefly summarized, such are the acomplishments of the conference. The convention was finished and ready for signatures on July 13, 1931; twenty-nine signatures were attached. It comes into force when twenty-five countries ratify, including four of these eight—France, Great Britain, Japan, Holland, Switzerland, Turkey, and the United States. There is a vast difference between signing and ratifying; there may be years of delay before there are sufficient ratifications—years during which the factories will work day and night, piling up drugs to be hidden in secret places ready for shipment into illicit channels.

Osaka Appeal Court Reverses Decision in Bribery Case

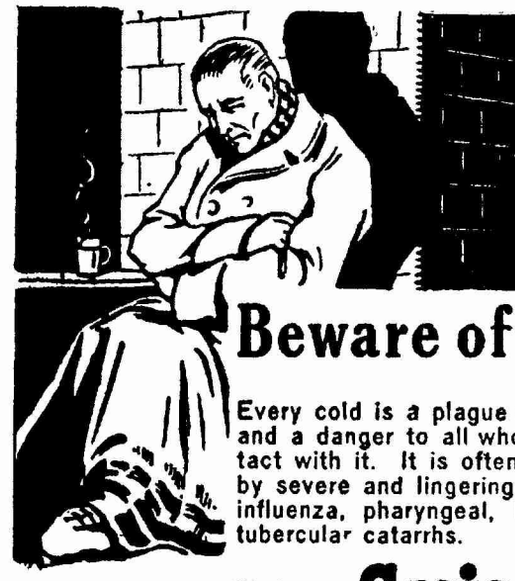
The Osaka Court of Appeals on May 27 reversed the decision of the District Court by which Tokuzo Shima, Kansai's business magnate, and four others who were alleged to have been involved in a Yen 100,000 bribery case to influence the Meiseikai and also in the Yen 4,000,000 scandal at the time when the Japanese stock exchange in Shanghai was dissolved. So far as the Shanghai stock exchange scandal was concerned, these five men were declared not guilty when they were tried at the Osaka District Court, but four men including Mr. Shima, were sentenced to serve from six months to one year in connection with the Meiseikai scandal. As stated above, however, these sentences were quashed.

The China Institute of International Relations

With a view to studying the international relations of China, a group of prominent local Chinese citizens has recently organized an association called the China Institute of International Relations, with offices at No. 3 Museum road. The Institute has five honorary directors, namely, Drs. C. T. Wang, Wellington Koo, W. W. Yen, Chao-chu Wu, and Huang Fu. The administration of the Institute is supervised by a board of fifteen directors of whom K. P. Chen, manager of the Shanghai Commercial and Savings Bank, is the chairman, and Messrs. Nieh Loo-sun, Hsu Hsin Loh, L. T. Chen and Drs. Herman T. Lieu and P. W. Kuo are members of the Standing Committee: while Dr. Kuo serves concurrently as the chairman of the Executive Committee.

Heavy Losses of Educational Institutions in Shanghai Area

According to estimates made by the Ministry of Education the total loss sustained by the Shanghai educational institutions as a result of the war in Shanghai, is reported to be $8,751,679.70. Altogether fourteen Government and private colleges and 81 middle primary schools were destroyed in the Shanghai and Woosung areas.



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61-075

Men and Events

John Hubner, American Vice-Consul at Mukden, has been transferred to Tientsin.

Chiang Tso-pin, Minister to Japan, is expected to proceed to Tokyo next week to resume his duties there.

Chu Chang-nien, Chinese Minister to Sweeden and Norway, has been appointed concurrently Chinese Minister to Finland.

The Municipal Council has approved the formation of a Philippine Company of infantry to reinforce the Shanghai Volunteers' Corps.

Dr. Edna Chen, who has been studying medicine in Germany, arrived in Shanghai by the Italian liner *Gange* June 7. She will in practice here.

K. Hayashi, recently appointed Japanese ambassador to Brazil, stopped off at Shanghai for two days during the week on his way to South America.

Dr. Wellington Koo is mentioned for appointment as Chinese Minister to Paris, the concurrence of the French Government having already been obtained.

Reginald Sweetland, correspondent for *The Chicago Daily News* has returned to Shanghai from a trip to Peiping, Tientsin, Shanhaikwan, Mukden and Harbin.

Complete resumption of normal service on the Nanking-Shanghai long-distance telephone line is expected within a few days as a result of urgent repairs now being made.

Plans for the construction of a net-work of trolley car lines for the main thoroughfares of Nanking are under consideration by the National Reconstruction Commission.

The Nanking Municipality is facing a monthly deficit of about $450,000, according to a statement of income and expenditure published by the Municipal Bureau of Finance.

Following complaints from the Japanese community, the Consular police are making an investigation into alleged profiteering by Japanese restaurants and cafes in Shanghai.

The senior class of the Shanghai American School produced three one-act plays, "A Night at an Inn," "The Trysting Place" and "The Gazing Globe" on June 4 and again on June 6 to a large audience.

A cenotaph in honor of members of the National Air Force who died in active service is to be erected by the Aviation Administration of the Ministry of War, on the Purple Mountain, near Dr. Sun's tomb.

A Japanese named Mitsumura, who was one of the leaders in the burning of the San You Towel Factory in Shanghai just prior to the recent Sino-Japanese hostilities, was sentenced to 18 months' imprisonment at Nagasaki with two years' probation, by the Nagasaki District Court, June 3.

Forty-one out of several hundred applicants are being admitted to the Aviation Institute established at Nanking under the Aviation Administration of the Ministry of War. The successful candidates were chosen following a stringent entrance examination.

The third anniversary of the State Burial of Dr. Sun Yat-sen was fittingly observed in Nanking June 1. Wang Ching-wei, General Chiang Kai-shek, Chu Cheng, Chang Ching-kiang, Yeh Chu-tsang and Chen-Kuo-fu and many others visited the Sun Yat-sen Mausoleum to pay homage to the spirit of the late Leader.

Samuel D. Groff, who has been connected with the School of Journalism of Yenching University, Peiping, for the past three years on a fellowship from the University of Missouri, passed through Shanghai this week on his way home to the United States.

It is announced that formal inauguration of the Shanghai-Tientsin air mail and passenger service operated by the China National Aviation Corporation will take place on July 1. Suitable landing fields have been chosen at the ports of call—Haichow, Tsingtao and Tientsin.

Part of a consignment of sixty freight cars purchased from England by the Tientsin-Pukow Railway is due to arrive at Shanghai on June 18. The shipment consists of 40 cars which will be immediately transported to Pukow, where they will be assembled and put into service.

A recent telegram from Habavorsk stated that the largest shipbuilding works in Soviet Russia are in course of construction there. All the necessary material for the work has been brought to the site and about 4,000 workers and 100 engineers and technicians are now active on the job.

T. V. Soong, minister of finance end of last week telegraphed his resignation to Wang Ching-wei, president of the Executive Yuan. Mr. Soong cited ill-health as the reason for wishing to resign, but the *China Press* says the real reason is that he was unable on behalf of the government to raise by loans from banks the necessary funds required to finance the anti-Communist campaigns in various parts of China. Mr. Wang has asked Mr. Soong to remain in view of the delicate state of China's finances.

The Japanese cruiser *Idzumo*, with Vice-Admiral Nomura on board, is schedued to depart from Shanghai for Japan January 11. The *Idzumo* has been lying in the Whangpoo opposite the Japanese Consulate since last January.

Figures issued by the Japanese community in Shanghai show that about three-quarters of the local Japanese residents who had taken refuge in Japan have so far returned. Every boat from Japan is bringing more of them and practically all of them are expected to return during the next month or so.

The British firm of Dorman, Long and Co. has been awarded the contract for the eight approach bridges for the projected Nanking-Pukow ferry by the Chinese Ministry of Railways. Chang Hua, who has been in London to arrange the terms of the contract, was due to leave England during the week on his return trip to China.

According to a Shanghai dispatch appearing in the *Japan Chronicle*, the Korean who threw the bomb at Hongkew Park, which resulted in injuries to leading Japanese officers and officials, causing eventually the death of General Baron Shirakawa, was sent by steamer to Japan from Shanghai May 28 under a strong guard.

General Men Ying-hsing, Commissioner of the Bureau of Public Safety of the Greater Shanghai Municipality, is publicly commended in a Mandate of the National Government for his meritorious services in the maintenance of order and security under the trying circumstances brought about by the Japanese invasion of January 28.

Captain Charles Baker, of the Yangtsze Rapid S. S. Co., recently released by the bandits who had held him captive since January 16, arrived in Shanghai during the week. He contributed to *China Press* of June 9 an account of his experiences.

James Mills, special traveling correspondent for the *Associated Press* who spent several days in Shanghai, has departed for Peiping where he will relieve James Howe who is departing for the United States. Mr. Mills will spend considerable time in north China and Manchuria. Prior to coming to China Mr. Mills was in India for practically a year.

Kozo Tanaka made a confession on June 6 that it was he who set fire to the American consulate at Nagasaki on May 9, resulting in serious damage to the structure. The culprit is the son of a prominent merchant in that city. He explained his action by saying that he believed rumors then current of increasingly strained relations between Japan and America.

Over $80,000 worth of opium and other narcotic drugs were publicly destroyed by fire at Nanking May 3 in the presence of officials of the Kiangning District Court and representatives of the Ministry of Judicial Administration and civic organs. The contraband represented seizures during a series of police raids on opium dens and dealers made last month and subsequently confiscated by the Court.

Dr. Roy Chapman Andrews, noted American explorer and lecturer, returned to Peiping last week after having spent the winter in New York city. It is understood that Mr. Andrews, will try to reach some agreement with the Society for the Preservation of Cultural Antiquities in Peiping whereby he will be able to continue his exploration work in Mongolia, but such an expedition in any event would have to wait until the summer of 1933.

A correspondent gives some details of the excellent work done by the Famine Relief Committee in the Pochow (Hunan) neighbohood. The Committee is feeding, clothing, teaching, and caring for one thousand starving children in four centres within the city. The three porridge kitchens have distributed, and are now supplying porridge, for some 18,000 tickets, providing some nourishment for approximately twenty thousand people. The wheat in that neighorhood is stated to be growing nicely.

Makoto Yano, Counsellor of the Japanese Legation in China, who had been in Shanghai for some time, returned to Peiping end of last week. As soon as he finishes his business in Peiping, which includes meetings with members of the League of Nations Commission of Enquiry, Mr. Yano expects to come back to Shanghai to resume his duties on behalf of Mr. Shigemitsu, the Minister, who will not be able to discharge his duties fully for some time yet because of the injuries received during the Hongkew Park incident.

Representatives of the local Japanese Residents' Corporation, proceeded to Japan during the week with the object of seeking financial aid from the Government for local Japanese merchants and factory owners, of the middle and lower classes, who have suffered losses as a result of the boycott and the military operations. It is contemplated that a lump sum will be loaned to the local Residents' Corporation from Tokyo at a low rate of interest redeemable over a long period of time. The individual merchants and others desiring to obtain such aid will borrow from the Residents' Corporation in turn.

61-076

Who's Who in China

Ku Cha-yen, Government official and civil engineer; born at Wusih, Kiangsu, 1894; after receiving his Chinese classical education at his native city, he attended the Universite Aurore at Shanghai and was graduated from the Engineering Department of the University; following graduation, he went to France and pursued advanced studies at the Ecole Poly-Technique, Paris, specialising in municipal construction and graduating with distinction; since his return to China, he has successively served as engineer in the China Development Company, staff member of the supplies department of the Peiping - Hankow Railway; member of the Office of the Director - General of Lung-Hai Railway, in which capacity, he was commissioned to investigate the engineering conditions of the Line and was later made a member of the Engineering Department; appointed municipal expert of the Public Works Bureau of the Nanking Municipal Government; technical expert and inspector of the Construction Department of the Kiangsu Provincial Government; acting director of the Bureau of Public Works at Changshu, Kiangsu and concurrently director of Office for the Dredging of the Paimouho river; since his assumption of office early this year, he has effected many reforms in city construction of Changsu and completed the construction of two new motor roads one between Changsu and Wusih and the other between Changsu and Soochow, the latter being still under construction; author of the following books: Municipal Construction, Practical Methods of Road Construction, Rural Roads Construction, Methods of Park Laying, etc; a voluminous writer on subjects of civil engineering and frequent contributor to the Good Roads Monthly of the National Good Roads Association; address: Public Works Bureau, City Government, Changsu, Kiangsu.

Ku Cha-yen

顧在埏字子用

顧在埏字子用，年三十八歲，江蘇無錫人，上海震旦大學工科畢業，巴黎建築學校畢業，歷充中華興業公司工程師，京漢鐵路材料課課員，隴海鐵路監辦公署藝務處處員，旋奉派赴全路調查車工機事宜，隴海鐵路工程局課員，南京市政府工務局技士，經銓敍部銓敍合格，江蘇建設廳技士，視察員，現任代理常熟縣建設局長，兼充疏浚白茆河工程事務所主任，到任三月，曾完成建築錫當汽車路由常至羊尖一段，蘇常汽車路至吳塔寺一段，對於常熟地方建設事宜進行不遺餘力，頗多建樹，著有都市建設學，最新實用築路法，公園建築法，道旁植樹法及市鄉築路法諸書。

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New Books of Interest in the Far East

A Recital of Wickedness

Hatter's Castle by Dr. A. J. Cronin. Little, Brown & Company ($2.50)

Dr. Cronin plunges into his literary career with a clumsy noisy tread. His first novel lacks both reality and imagination, and consists of a series of wicked deeds told with thumping and monotonous regularity. Like a dull Sunday school story the bad deeds are punished and ticked off in the end by separate, overwhelming disasters.

An author who has so little sympathy or pity for his characters cannot expect them to emerge from the bulk of even 600 pages, full blooded men and women. Dr. Cronin's hero, upon whom he expends such a lot of print, fades away after the last chapter and we don't give a hang. He seemed only a figurehead anyway, set up to wear layers and layers of dirty rags.

The title of this book, which incidentally is the only charming thing about it, means exactly what it says. James Brodie, the central character, is a hatter. Because his dingy little hat shop is the only one in the Scotch village where he lives, he becomes rich. But he despises his puny career because he is related—in an unrecognized and left side of the blanket manner, which he doesn't admit—to Sir John Latta.

The other characters are few but highly flavored like cheap penny candy. There is Grandma, James Brodie's mother, a greedy and disgusting old lady; Mama, his wife, an unbelievably spiritless wreck of a woman who cleans Brodie's boots, washes his dirty linen, cooks for him, pampers her son and finally dies of cancer.

There is Mary, his daughter, extraordinarily good and beautiful, who loses her virtue on a moon-lit night and her husband-to-be on a stormy one. Then there is Matt, James Brodie's pasty faced, selfish, lying son who bullies his mother and snivels before his father.

Lastly there is that sort of negligible character with whom in real life we wouldn't waste our time: Nessie, the hatter's youngest daughter, who stands out most clearly at the end of the book, and whose tortured existence under her father's insenate pride really is deeply affecting.

Dr. Cronin more or less leaves Nessie to build up her own character. He doesn't tell us on every page how good or how wicked she is. She is simply a pale, nervous little schoolgirl with a remarkable memory and no mind, who is hectored into suicide by her father's maddening insistence that she win a scholarship over his enemy's son.

The chapter on Nessie's suicide is beautiful. Cunningly she misleads her father into thinking the award will be made one week later than it actually is, so that she can know the verdict first. It arrives and she has lost. Her terror of her father, and months of gruelling study culminate in Nessie's drifting into a gentle Ophelia-like madness. She dresses in her pitiful best, hat and all, gets a rope from the wash-basket, piles her school books on a chair, and hangs herself.

Nessie is a vivid characterization, and is the only one in the book to testify to Dr. Cronin's future possibilities as a literary creator.

Dr. Cronin's scenes of disaster and cruelty are ridiculously melodramatic. The first one depicts the discovery of Mary's seven months pregnancy by her father. After kicking her thoroughly he drives her into a storm which has the one in "Way Down East" twisted into a farce. Rain swells creeks to rivers, lightning kills, wind blows down trees, wrecks bridges and sends heavy missiles hurtling through the air.

Mary crawls on, is nearly drowned in a creek, nearly sunk in a bog, but eventually reaches a barn where she is delivered of her child. At the same moment, her lover, who is to marry her on the following day, is killed instantly when his train is wrecked by the storm.

Another scene which would be pie for Hollywood, being of the same tasteless and unsubtle color takes place in a brother. The depth of nausea and ridiculousness in the tale is reached in the one where the hatter makes his mother drunk. The only lady gets into such a state that she loses all control of her false teeth—dentures, Dr. Cronin delicately calls them. They fall out of her mouth and crash on the floor. Poor old Grandma mumbles through her gums that now she will be unable to chew the good meat she loves, but, she continues, she can still suck.

And so on through more than 600 pages *ad nauseam*.

CHRISTINE DIEMER.

Moscow's Daily Newspaper in the English Language

Copies have been received in Shanghai of the *Moscow Daily News*, the English-language paper which was established in Moscow, May 1. The official editor is given as M. M. Borodin. The editorial board is composed of V. I. Mezhlank, V. V. Ossinsky, Charles Ashleigh, S. J. Rutgers and Michael Koltzov. Anna Louse Strong is also connected with the paper. Among the aims of the *News*, as outlined in the initial issue are that it "desires to be a daily guide and assistant to the English speaking workers and specialists in the Soviet Union, to the tourists and visitors who come to Russia, and to all readers at home or abroad, in order that they may be helped to understand the great tasks before the Soviet people in their progress towards Socialism and the classless society."

The Influence of the Ancient Turks on China

Volume I of the new series of history text books issued by the Turkish Government devotes several chapters to empires of ancient times including China. As to China, Fu Hi is described as their first emperor. He was born in Kansu, where the Turks are said to have entered 4,500 years B. C. An ancient portrait of Fu Hi shows that his facial lines were not those of the Chinese, and hence he was probably Turkish. The early Chinese dynasties are described as Turkish. We read that the Turks introduced civilization into China, for, established in the valley of the Yellow River some 9,000 years ago, it spread to China, India, Mesopotamia, Egypt, and Anatolia. Chinese literature is described as reaching its climax during the reigns of the emperors of the Turkish dynasties in China.

Y.M.C.A. Gives Emergency Aid

The help which the Y. M. C. A. has given in the national crises which have overtaken China in such rapid succession during recent months, is vividly described in a well illustrated pamphlet recently published by the National Committee under the title of "The Y. M. C. A. in the Midst of National Crisis in China." In recounting the part which the Y. M. C. A. has played in the relief work, the booklet points out that since last summer, the "Y" has been giving itself largely to emergency services, particularly flood and war relief.

PU YI, BETRAYER OF CHINA AND PUPPET OF JAPAN

(*Continued from page 48*)

plan for the future. The Japanese could not have done this for purely altruistic reasons, they said. In the light of the present day events, Princess Der Ling pointed out, the fears and surmises of those wise old men seem fully justified. Japan has long had schemes and plans for controlling Manchuria and now plans to make good use of China's ex-emperor Pu Yi. After the outbreak of the Manchuria Affair last September, Pu Yi was spirited by the Japanese adventurers to Manchuria, where he has now been made head of the Japanese created Manchoukuo with the seat of Covernment at Changchun. He is now daily issuing edicts and mandates but under the Japanese dictates.

While he lived in Tientsin, he received practically no funds from the Chinese Government. He lived by the support of the rich Manchus and by selling some of his valuables. In 1930 Pu Yi contributed a large amount of furs, valued at over $100,000, to be publicly auctioned, the money going toward the relief of the Shensi famine sufferers.

He was given a sound education in Chinese literature by several of the country's best known scholars. He also speaks English, and takes a keen interest in sports, bicycle riding, tennis, golf, and photography. He made several public appearances in Tientsin during tennis exhibitions.

He has one wife and one concubine, Shu Fei, who divorced him in 1931, which case aroused considerable interest among the public. It was settled by his giving her a reported sum of $50,000, to avoid a court settlement.

He is at present at Changchun, capital of Manchoukuo, and is styled the Regent.

Civil War Looms in South China

A *Reuter* telegram from Hongkong June 8 stated that an armed clash between General Chen Chi-tang, commander of the military forces in Kwangtung, and Admiral Chen Cheh (or Chen Chak), the ousted commander of the Canton fleet, is inevitable. Utilizing the gunboats he seized when he left Canton and established an independent administration in Hainan Island, Admiral Chen Cheh has in the past few days landed a large force of marines on the south coast of Kwangtung. His men have captured several towns, including Hopu, where they detained the local Customs revenue and compelled the inhabitants to give them $30,000.

How Chinese Farmers Suffer from War

Changchun, May 31

PEOPLE who had a chance to go to Harbin from places affected by the war in the interior of Kirin Province say that very great miseries have been brought by the fighting there upon the farmer communities in the areas around the eastern line of the C.E.R. and in the places around the Sungari river. The draft animals and carts were commandeered, the seed grain, in fact all the supplies of grain were requisitioned by order of the military authorities, the houses being destroyed by cannon and airplane bombs and fires. 50,000 people left their homes and, fleeing for life, went to Harbin.

It is reported that the new Manchurian authorities resolved upon assigning 200,000 dollars, local currency, to be spent for giving financial support to the peasants and to furnish them with a lot of seed grain on condition that they shall return the lot in autumn, without any compensation for using the grain. But these measures, although very good, will hardly be so effective as they are hoped to be; for the sowing season is drawing to an end, and grain, if sown at this time, may fail to ripen before the autumn frosts set in.

Having devastated the above-mentioned places the war activities, developing now in the North-West of Harbin, have started their ruinous work in the agricultural areas in this part of Manchuria. And if the fighting lasts long and is accompanied with the same cruelties and discrimination on either side the flourishing villages of farmers will be laid waste in the same way as they were in the eastern section of the country.

Fighting in Manchuria Causes Economic Difficulties

After the battles fought in the outskirts of Harbin at the end of January and the beginning of February last, the residents of the city have enjoyed comparative quiet. But they have suffered much in economic respects, due to the fighting in the country. Harbin together with Fuchiatian, the Chinese section of the city, is the greatest consuming centre for cereals vegetables, and animal products supplied by the peasants of the country. Because of the fighting that has been raging in North Manchuria for five months the supply of foodstuffs has been entirely disorganized. The peasants whose villages have as yet been untouched by the distress of war have no desire to leave their homes in order to carry their products to the market of Harbin for fear of being caught by bandits or getting into trouble through being seized by scouting parties of either of the struggling parties. This brings about conditions so that the prices for the common necessities of life at Harbin have gone up by leaps and bounds. The prices for meat and eggs, for instance, have gone up from 18 to 25 and from 25 to 40 cents respectively. As the peasants of the country have no access to the city and no merchant is going to display such foolhardiness as to go with his merchandise or send it to places in the interior of the country the business in manufactured articles brought from abroad has come to a deadlock.

Threatened Shortage of Grain Due to the Fighting

The local firms dealing in grain and beans, due to the slow export business of last season, have some lots in stock. During the past two months grain transactions of significance occurred very seldom. The other day Japanese exporters appeared quite unexpectedly in the market and bought about 100 carloads of Manchurian cereals for export. They are reported to be continuing their purchases.

News reaching Harbin from different towns on the Sungari stated that the grain dealers who had possessed considerable lots of cereals stored at harbors on the river prior to the opening of the navigation season, hastened to dispose of the whole of their cereals in stock to the Export-Hleb, a Soviet Trading Organisation; for the dealers had feared that they might have lost their goods through the trouble caused there by the fighting. Prior to the suspension of traffic on the eastern line, when the situation in Manchuria was regarded as engendering serious complications between Japan and the U.S.S.R., the Export-Hleb bought and exported to Siberia quite a big lot of cereals to be consumed by the Soviet army in the Far East. The export of the grain was not done because the Soviet Union is short of grain, but, apparently, because the Soviets did not wish the lots of grain in Manchuria to fall, in case of war, into the hands of the enemy. It has been reported that about 200,000 ton of grain was exported through the station of Manchuli from places lying in the west of Harbin during the two past months. Thus, Manchuria is stripped of its grain supplies to a very considerable degree. And if the war activities continue throughout the summer, the population of this agricultural country, whose export of cereals in previous years was worth about 800,000,000 dollars a year, may be faced with a shortage of grain supplies in the next autumn.

Navigation on the Sungari Opened

As the troops of the Old Kirin Army are reported to have been fought off the banks of the Sungari, Japanese garrisons have been stationed at many towns on the banks, and gunboats are plying up and down the river; also, passenger and freight traffic have been started on the river. A couple of days ago a freight-passenger steamer sailed down the river. The arrangements for the freight and the passengers on the steamer were made by Kakusai Unio, a Japanese concern.

New Ships Are Built

The *Pai-hai*, a steamer belonging to a Chinese firm, was built at the shipbuilding yard of Tsinpo-guntsi located in the 20th street in Fuchiatian and launched a short while ago. It is a freight-passenger steamer of the hindwheel type. It can carry 10,000 poods of freight and 500 passengers and in addition to a barge. Besides this ship five other ships will be finished shortly at the above said yards and launched.

A Japanese Firm Brings Up Rails That Sank 32 Years Ago

One of the Japanese Express Companies is going to undertake getting from the bottom of the Sungari river 120,000 rails that sank in 1900 when the bridge over the Sungari was being built. The said Company got permission from the concerned authorities to do the work, and made arrangements for selling the rails to be lifted from the river to the Tramway Administration of Harbin. The preliminary investigations made by the Company led to the conclusion that of the above mentioned lot of the rails only 90,000 poods can be obtained from the river, the rest being covered by a thick layer of sand and believed to be unavailable. The cost of the rails is 250,000 dollars.

61-079

The Infant of the League

Out on Manchuria's fertile plain,
After the raping hand of War
Had taken its toll of blood and pain;
Was born the infant Manchoukuo.

From the very day this child first came
There seemed to be a lot of doubt
Regarding its father's family name,
As well as how it came about.

Aclaimed as a child of Paradise
Snatched from the clutches of the Han;
Given a bath in wine of rice,
Then nursed at the breast of Japan.

Ere long the wetnurse could not appease.
The inborn hunger of this elf,
She loudly bellowed and tried to seize
The means with which to feed herself.

From the first this real precocious child
Had fuzz upon her features fair.
She grew each day, increasingly wild
And bristled with redbeard and hair.

About this time, the League of Nations
Sent some men upon a Mission
To see this child and its relations
Without asking its permission.

And when this League of Nations Missions
Began to probe into the facts,
And look things over in addition
To looking at some railroad tracks;

The shrewd wetnurse had a happy thought
To solve the youngster's parentage.
So now she hustled herself about
And worked herself up in a rage.

To the redbeard she called attention,
And quickly found an occasion
Unto some friends of hers to mention,
"Quite likely, the child's an Eurasian."

These friends to other friends reported
The juicy gossip of the nurse,
And they to other friends resorted
Who made the matter even worse.

Some said that they would blame the Russians
Because the infant's skin was fair;
Still others that it was the Prussians
And that they had it settled there.

It took an Irish feature writer,
In the *Manchuria Daily News*,
To bring to light the bloody blighter
When he had followed all the clews.

He wrote the matter up quite clearly
And printed it on the front page
Of the paper, which pays him dearly
To help it in English to rage.

He marshalled his facts altogether
In eloquent phrases of hate,
Without a regard as to whether
The subject was fit to debate.

He first praised the work of the Mission,
And lifted it up to the skies.
Then he cast it down to Perdition,
And rated its statements as lies.

He told how it came without asking
And showed no intention to run;
But remained for some time a-basking
Under the Manchurian sun.

He said that the Mission had meetings
With persons of shady repute;
But it did not answer the greetings
Of persons who came to salute.

This Mission, he said, was a cover
Beneath which were hidden the facts
Regarding the real guilty lover,
Who tried hard to cover his tracks.

And, braced by this bold revelation,
And others as equally wild,
He said, to our great consternation,
"She is the League of Nation's Child."

Changchun, June 1, 1932. D. F. M.

61-080

S. M. C. and Chinese Authorities Confer on "Outside" Roads

The Shanghai Municipal Council and the Chinese authorities have lately been conferring on the subject of jurisdiction and policing of Municipal roads leading outside of the Settlement into purely Chinese-controlled territory. These roads have during the past several years been a subject of much controversy. The subject came very much to the fore in 1925, since when no extra-Settlement roads had been built. Up until that time the Municipal Council had been successful in extending roads beyond the Settlement in a rather ingenious way. After having planned a road, the owners of the intervening property would have pointed out to them that their properties would be greatly enhanced in value if they consented to selling sufficient land to the Council at a reasonable price to build such a road. In this way by private negotiation the Council was frequently able to get jurisdiction over such a road as a private citizen, and then under the privileges of extraterritoriality would automatically prevent Chinese police or officials to function on the road. Then also by having the properties abutting on the road, although owned by Chinese, registered in some foreign Consulate under a deed of trust, the Chinese authorities and police would also be prevented from setting foot on those properties. This system was brought to an end abruptly as a sequel to the May 30 incident, and since then there have been minor clashes concerning the rights to be exercised on these roads. Recent negotiations have reached the point where the approval of the Consular body and the Chinese authorities is being sought. The Japanese are stated to be absolutely opposed to giving the Chinese any sort of jurisdiction on these roads, at least for the time being.

Japanese Marines Stop Chinese Mayor Near Tsukinoya Garden

Despite the present calm in this part of China, various little incidents occur between the Japanese and Chinese from day to day that contain the germs of future clashes. The following details of one of such incidents are related by a Japanese news service. When four Chinese police officers, carrying revolvers, attempted to enter the Japanese garrisoned zone back of the Tsukinoya Garden, Dixwell Road, on the morning of June 6, the Japanese naval detaclement ordered the Chinese policemen to move back, despite the fact that the naval guards knew that these four armed Chinese officers were escorting Mayor Wu Teh-cheng and his staff, who, according to reports received by the Japanese were trying to make a survey of the district. Besides the Mayor's motorcar, there were four motorcycles, carrying these armed Chinese officers, when the party was driven back from the Japanese guarded area. The Chinese did not offer any resistance; they obeyed the order to retire, and no clash occurred.

A Novel Theory Concerning Origin of Fire on French Liner

As was to be expected the fire which destroyed the finest of the French Messageries Maritime fleet, the s.s. *Georges Philippar*, resulting in the death of scores of people, including the prominent French journalist, Albert Londres, has caused violent repercussions in France. A judicial enquiry will probaly be started. The Messageries Maritimes is exceptionally heavily subsidized by the French government, a fact which is made the subject of frequent attacks by Radicals in the French Chamber. One of the latest "stories" concerning the origin of the fire is that Communists started it with the idea of getting rid of Mr. Londres who was bringing with him from China documents concerning their activities.

Chinese Junk Attacks Customs Cruiser, Kills Three of Staff

While the staff of the Chinese customs cruiser *Chuentiao*, the officers of which are foreigners, was examining the papers of a junk off Woosung on the morning of June 2, the crew of the junk opened fire with a machine gun on the searching party, with the result that J. Kondrup, the third officer, and three Chinese were killed, and several others wounded. One of the junk's crew who had brought the papers to the searching party was killed by his companions. The junk slipped away in the fog. The dead bodies were brought up to Shanghai. The wounded were taken to the Lester Chinese hospital for treatment.

JAPANESE WILL BRING MORE CAVALRY TO MANCHURIA

(*Continued from page 43*)

recommendations by discarding legal technicalities, and approaching the whole issue from a broader political point of view. The *Asahi* comments: "Nothing good can come of putting too rigid a legal interpretation on the situation. The Nine-Power-Treaty of 1922 was, for instance, originally designed for the protection of the Power's interests and the development of trade by facilitating the unity and peace of China, the Power concerned refraining from interference. It was by no means intended for putting restraint on the Powers so as to afford China the freedom to infringe foreign rights and interests in defiance of treaty obligations. Colonel Stimson's interpretation of the pact, which is now termed the Stimson Doctrine, keeps too much to the letter, and ignores its spirit. The Commission's reported decision to take a broad political view of the whole problem is just and welcome."

Japanese Diet Discusses Loan for Manchurian Adventure

The Japanese Diet reassembled in Tokyo June 3, when Viscount Saito, Minister of Foreign Affairs, delivered an address on Japan's foreign policy. Viscount Saito said that Japan had repeatedly assured the Soviets that the moves in Manchuria were not aimed against them; also that Japan had given every facility to the League Enquiry Commission. As regards the Disarmament Conference, "the Japanese Government intends to insist on its own points in accordance with its settled policy."

At the sitting of the House of Representative June 4, Finance Minister Takahashi explained the necessity for raising a loan to defray the expenses of the operations in Manchuria.

Hardoon Will Attacked by Proceedings in British Court

The British Supremes Court in Shanghai has been busy during the week taking evidence in renewed proceedings brought to break the will of the late S. A. Hardoon, who left an estate consisting chiefly of Shanghai real estate valued according to various estimates from fifty to two hundred millions to his widow. Ezra Hardoon, one of the applicants, has retained as counsel H. P. Wilkinson, for many years Crown Advocate in Shanghai. The case for the plaintiffs is that the late Mr. Hardoon's marriage was not legal and that he was improperly registered as a British subject.

Latest New York Stock Exchange Quotations

Market:—Easy Business Done 800,000 Shares

June 8, 1932

1931 High	1932 Low	Div.$ per Sh.	STOCKS	Mon. June 6	Tues. June 7
23½	2	—	Adams Express	2½	2¼
182¾	47¾	*6.00	Allied Chemical & Dye	50¾	50¼
42¾	4⅛	.50	Allis Chalmers	5½	5¼
129¾	34⅝	*4.00	American Can	38⅞	37¼
51¾	2	—	Amer. & Foreign Power	2½	2¼
31½	1⅛	—	Amer. & For. Power W.	1½	1¼
58½	5¼	—	American Smelting	7⅜	7⅛
201¾	85⅛	9.00	American Tel. & Tel.	87¾	87⅝
132¾	45	*5.00	American Tobacco "B"	51¾	48⅞
80¾	12	3.00	American Waterworks	15¼	13¼
43¼	3½	—	Anaconda Copper	4⅜	4¼
295½	30¼	*4.00	Auburn Automobiles	36	35
87⅞	3⅞	—	Baltimore & Ohio	6	5½
70⅜	7¾	—	Bethlehem Steel	9⅝	9⅝
76½	23⅜	*3.00	Borden Company	24⅜	23¼
30¾	3½	1.00	Borg Warner	4¼	4
45¾	7⅜	1.25	Canadian Pacific Railway	9¼	8½
131½	17¾	—	Case J. I.	20	19¼
102	19¾	3.00	Chase Bank	23½	23½
54⅛	6	3 00	Chesapeake Corp.	8⅜	7⅝
25¾	5⅛	1.00	Chrysler	7⅞	6½
20¾	1⅞	—	Cities Service, Co.	3	3
45⅝	4⅞	1.00	Columbia Gas & Electric	2	6¼
12	1¾	.30	Common wealth &Southern	2⅜	2¼
2¾	¼	—	„ „ warr.	5/16	5/16
109⅝	33⅞	4.00	Consolidated Gas. of N.Y.	38	36½
12	4	—	Continental Oil	4⅝	4½
86⅝	27⅜	*3.00	Corn Products	31	30
5⅞	⅞	—	Curtiss Wright Co.	1	⅞
78¾	23	4.00	Drug Incorporated	29	26⅞
107	25⅞	4.00	Du Pont de Nemours	27¾	27
185¾	39¾	5.00	Eastman Kodak	42⅛	40½
61	5⅝	6% S	Electric Bond & Share	7⅞	7½
60¾	3⅛	1.00	Electric Power & Light	4¾	4⅜
38⅜	1⅛	—	Fox Film "A"	1½	1⅜
54¾	8⅝	.40	General Electric	11⅛	10⅝
56	20½	3.00	General Foods	24	22¼
48	8½	1.00	General Motors	9⅝	9¼
84⅛	7¾	3.00	General Railway Signal	9⅞	9⅞
38¾	9¼	1.00	Gillette	13¾	13¼
42½	8⅜	1.60	Gold Dust	10¼	9⅝
20⅞	2¼	—	Goodrich Rubber	3	Unq.
52¾	5¾	—	Goodyear Tire & Rubber	7⅞	7½
62½	4	2.00	International Cement	4⅝	Unq.
4	½	—	International Combu. Eng.	⅝	½
60⅛	15	1.80	International Harvester	16¼	15
20⅛	3⅝	—	International Nickel	4½	4½
38¾	2¾	—	International Tel. & Tel.	3⅞	3¾
80¾	10	—	Johns Manville	12	11½
31½	5	—	Kennecott	5¾	5½
27¾	1/32	1.61	Kreuger & Toll	1/16	1/32
91¾	34⅛	*4.00	Liggett & Myers, "B"	41¾	39
63¼	13½	*3.00	Loew's: Inc.	16⅞	16¼
21⅞	9	1.20	Lorillard P. Co. (com.)	9½	10⅝
19	1½	—	Ludlum Steel	Unq.	Unq.
29¼	3½	—	Montgomery Ward	5½	5⅛
108½	24	3.00	Nash Motors	26¼	26¼
14¾	2½	—	National City Bk. bid price	2¾	2¾
132¼	9	—	Nevada Consolidated Co.	12¼	11⅛
90¼	14¾	10%S	North American Aviation	21¼	17⅞
54⅞	17¼	2.00	Pacific Gas & Electric	19⅞	20
11⅞	1¾	—	Packard Motors	2	2
50¼	1½	—	Paramount—Publix. Corp.	2⅛	2⅛
64	7	—	Pennsylvania Railroad	9¼	8¾
8½	1	—	Pennroad Corporation	1⅜	1¼
16⅝	2½	—	Phillips Petroleum	3¾	3⅝
96	32¼	3.40	Public Service of N.Jersey	35	33⅝
27½	2⅝	—	Radio Corporation	4	3⅞
24½	1½	—	Radio-Keith Orpheum	2¾	2¼
54½	26⅞	3.00	Reynolds Tobacco "B"	30⅛	28¾
62¼	13⅛	2.50	Sears Roebuck	15⅝	14⅝
10¼	2½	—	Shell Union	2⅞	2⅞
23⅜	3	—	Simmons Company	3½	Unq.
26½	5⅜	.80	Socony-Vacuum Corp.	6⅞	6¾
54½	16⅝	2.00	SouthernCaliforniaEdison.	19	19
88¾	8¼	3 50	Standard Gas & Electric	10¾	10¼
54½	20¼	*1.00	Standard Oil of N. Jersey	24⅜	Mutl.
26¼	9⅞	1.00	Texas Corporation	10⅛	10
55¾	12⅞	2.00	Texas Gulf Sulphur	15⅛	14⅞
18	2	—	Trans America	3	2¾
72	16	2.00	Union Carbide & Carbon	18½	17⅜
205⅛	34¼	6.00	Union Pacific Railway	38½	36¾
38⅞	6⅝	—	United Aircraft & Trans.	8⅞	7⅝
31¼	3¾	.40	United Corporation	5½	4⅞
37½	10½	1.20	United Gas Improvement	13⅝	12⅝
20⅜	2	—	U.S. Rubber	2½	2
162¾	25¾	—	U.S. Steel	28⅝	27⅝
76¾	5¼	—	Vanadium	7	6¼
20⅜	⅝	—	Westinghouse E. & M.	1	1
107¾	18¾	1.00	Woolworth	21¾	20¾
72⅝	23½	2.40		27	25⅝

*Plus extras

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19th Route Army Proceeds South to Fight Communists

The outstanding incident in connection with the Communist-bandit suppression campaign during the week occurred at Pengpu, in the northern part of Anhui, where General Hsu Ting-yao, commander of the 4th division, has been made concurrently garrison commander. A Chinese army plane carrying bombs which were intended to be used on the bandits in that neighborhood, accidentally (so the reports state) dropped one of the bombs in the main streets of that town, with the result that 22 persons were killed and two score injured. The bomb fell in front of a shop and completely destroyed it. The pilot took his plane to the landing field, where he was placed under arrest.

According to Nanchang despatches, the "Red" bandits in Kiangsi have suffered a huge setback since the launching of a general offensive by the Government forces. The outlaw units under the notorious Chu Te and Mao Tse-tung have fled to the Kiangsi-Hunan border. Those under Peng Te-huai have likewise been surrounded and defeated by the Hunan forces with heavy losses.

As a result of the withdrawal of the Communist-bandit forces from Changchow there has been a considerable reduction in the number of refugees who had crowded into Amoy, the total of which was in the neighborhood of 70,000. Large numbers of the refugees slept in the open, many in the streets and alleyways. The news that the 19th Route Army was being transferred to the Amoy region has had a reassuring effect.

With the exception of one regiment, the entire 61st Division under General Mao Wei-shou embarked from Nanking June 2 for Fukien, where it will be engaged in bandit-suppression. Ten steamers were employed as transports. With the departure of the units of the 19th Route Army the Capital will be garrisoned by the 5th Army under General Chang Chih Chung.

The 19th Route Army before proceeding south issued a farewell message to the people of Shanghai and Nanking expressing thanks for the support received. There has been a strong movement locally among the civil population to retain the 19th Route Army here, but so far without any result.

General Han Fu-chu, Chairman of the Shantung Provincial Government, has appointed General Sun Tung-hsuan, Commander of the 20th Division, as Emergency Field-Commander of the Bandit-Suppression Forces in Northern Shantung, so as to centralize the command of all active units in that part of the province. General Sun will be assisted by General Li Shu-chun, Provincial Commissioner of Civil Affairs and formerly Chief-of-Staff to Gen. Han, as Vice-Commander-in-Chief. One brigade of the 29th Division as well as General Liu Kuei-tang's forces and the Militia Corps have been placed under their control. During the campaign being waged against the bandits in Shantung a monthly appropriation of $10,000 will be granted these forces by the Shantung Provincial Government. All military units in Southern Shantung have been placed under General Tang Pang-chih, a brigadier-commander attached to the 81st Division under General Chien Shu-tang.

After having sent some of his best troops to the Central China area earlier in the week, General Chiang Kai-shek, accompanied by Mrs. Chiang, proceeded to Hankow on the gunboat *Ying Jin* June 7 to personally lead the anti-bandit campaign.

Japanese Puppet Colonel Revolts and Joins Loyal Forces

A recent *Kuo Min* telegram from Peiping stated that Colonel Chiang Lin-yun of the Manchukuo units in Manchuria under Yu Chih-shan has revolted and joined the loyal volunteers. When Colonel Chiang was deputed by General Yu to receive the Japanese detachment which brought a consignment of ammunition, he ordered his men to attack instead; 62 Japanese soldiers were killed and 62 machine guns and five tanks seized. Upon learning the news, Yu Chih-shan led one regiment under Colonel Tien to quell Colonel Chiang's men. But Colonel Tien's regiment also went over to the Chinese anti-Manchukuo forces. Barely escaping with his life, Yu was dismissed by General Honjo from his post as garrison commander of Mukden. Colonel Chiang is in control of 5,000 men formerly under Yu Chih-shan and is now acting in close cooperation with the Chinese (anti-Manchukuo) volunteers in eastern Liaoning.

Exchange Circular for the week ending Wednesday, 1st June, 1932.

A Shortlived Strike in the Postal Service, which spread from here to many other places, has been the feature of a week which has passed quietly. Local business has been mainly confined to the speculators. Gold Bars have had a quick decline.

Further severe declines have taken place in the Stock market in New York. The metal exchange reports a new low record in the price of Copper. There has been nothing this week to relieve the general apprehension, which grows more and more acute, as the buying power of most Countries of the World, steadily diminishes. The London/New York Cross rate has varied between 3.68⅝ and 3.69⅜ closing at 3.69⅛. The Japan Cross rate has risen from 31.75 to 32.30.

Silver:—Opened on the 26th ult. at 16 1/16d. spot and forward, and U.S. $ 0.27⅞ and closes today unchanged for sterling and U.S. $ 0.28.

India has again been a buyer: The Continent a small seller: China has worked both ways, but the market generally abroad has been quiet and idle.

Exchange:—The T/T official rate on London on the 26th ult. was 1/7⅝d: lowered to 1/7½d. on the 28th: raised today to 1/7¾d.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver Tls. 74,858,000 an increase of Tls. 1,516,000
Chinese and Mexican Dollars $ 237,670,000 an increase of $ 2,740,000
Estimated value Tls. 245,980,000 as against Tls. 211,486,000 held at this time last year

†	Average rates for May	Thursday May 26	Friday May 27	Saturday May 28	Monday May 30	Tuesday May 31	Wed. June 1
Bank's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/Ton London	1/7.685	1/7⅝	1/7⅝	1/7½	1/7½	1 7½	1/7¾
D/Dfts ,,	—	1/7⅞	1/7⅞	1/7½	1/7½	1/7½	1/7¾
4 m/s ,,	—	1/8 7/16	1/7 11/16	1/7 11/16	1/7 11/16	1/7 11/16	1/7 15/16
T/T on India	109.520	109½	109½	108½	108½	108½	110½
T/T on France	768.920	765	764	759	767	759	768
T/T on N. Y.	30.105	30⅛	30⅛	30	30⅛	30	30⅛
T/Ton Demand		30⅛	30⅛	30	30⅛	30	30⅜
T/T on Hamburg (R.M.)		127½	127½	126¾	127½	126½	128½
T/T onH'kong	77.045	77⅛ nom	77⅛nom	77⅛ nom	77⅛ nom	77⅜nom	77⅜nom
T/T on Japan	106.960	105 nom	106 nom	106½ nom	106 nom	107 nom	107 nom
T/T onBatavia	74.400	74½	74½	74⅛	74⅛	74½	75
T/T on Straits	141.530	142	142	143	143	143	141
Bk's buying rates							
4 m/s B/L. Cred, &D/A	1/8.760						
4m/s B/LD/P 6m/s ,, B/L Cred & D/A	808.320						
4 m/s B/F Cred D/A or D/P	—						
4m/s N.Y. Lc.	31.935						
4m/s ,, Docs.	—						

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling.	May 26	May 27	May 28	May 30	May 31	June 1
Bullion.						
*London Price of Bar Silver per oz. (English Standard 925touch) Pence						
**New York Price of Bar Silver per oz. (Pure)	16 1/16	16⅞	16⅞	16 5/16	16 3/16	16 5/16
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping 978 touch)	G.$.27⅞ Tls.	G.$.27⅞ Tls.	G.$.27⅞ Tls.	G.$.27⅞ Tls.	Holiday Tls.	G.$.28
Shanghai Silver Bars (weight Tls.100 (Canton) 999 touch) Nominal	723 Tls.	726.40 Tls.	718.50 Tls.	709.50 Tls.	712.70 Tls.	Holiday Tls.
Shanghai Mexican Dollars per $100	112.50 Tls.	112.50 Tls.	112.50 Tls.	112.50 Tls.	112.50 Tls.	112.50 Tls.
Native Bank Rate of Interest (Call money)	69.9⅞	70.0⅛	69.9⅛	69.8⅛	69.8⅞	69.8⅞
*Closing Price in London for Previous day						
**Closing Price in N. Y. for Previous day						

Bank of England rate of discount	2½%	London on Paris	T/T 93.42
Bank of France rate of discount	2½%	New York on London	T/T 369
London open Market rate of Dis. 3m/s.	1⅝	Bombay on London	T/T 1/5⅝
,, ,, 4m/s.	1⅝	Hongkong on London	T/T 1/3⅜
,, ,, 6m/s.	1½	Kobe on London	T/T 1/8 15/16

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